Volkswagen's cycle of success and decline, Page 24

No. 29,063

Tuesday May 3 1983

GENERAL

Shultz in Tokyo talks on pull-out details

NEWS SUMMARY

with Israeli officials on details of Lebanon on the withdrawal of Is-

He met Foreign Minister Yitzhak Shamir and Defence Minister Moshe Arens. In the evening session the three were joined by Premier Menahem Begin. Page 3 Israeli defence officials accused the U.S. of backtracking on its pro-mise to provide technology for Is-

Reagan supported

A Newsweek magazine poll reported that 44 per cent of Americans • DOLLAR rates closed in New backed President Ronald Reagan's York at: £1.5695, DM 2.4630, SwFr handling of the El Salvador issue 2071, FFr 7.3855, Y237.95. Currencompared with 33 per cent a year cies and money markets, Page 49.

Polish street death

One man died after violent May Day street clashes in the Polish southern city Nowa Huta. Police broke up demonstrations in 20 cities. Solidarity's new hopes,

Norway cuts hunt

Norway cut the scale of its hunt for a suspected foreign submarine in a western fjord after tests showed surface oil did not come from a submarine. Page 2

Sudanese President Jaafar Nimeiri

Nimeiri re-elected

was r -elected for a third six-year term, receiving 99.6 per cent of the votes, according to the Middle East News Agency.

Italian President Sandro Pertini called on Christian Democrat Tomasso Morlino, the Senate leader, to canvass parties to see if an election can be avoided after the collapse of Premier Amintore Fantani's coalition Government on Friday.

Nakasone breather

Japanese Premier Yasuhiro Nakasone has apparently beaten off pressure to hold a snap election this mained the weakest member of the summer Page 3

Jesuits sentenced

China has sentenced four elderly Jesuit priests, who had spent many years in concentration camps be fore being rearrested in 1981, to between 15 and two and a half years in jail on charges of collusion with foreign countries and subversion.

Killing at funeral

A black South African teacher was hacked to death by youths at the funeral near Durban of black community leader Harrison Dube, who was shot last week. The teacher carried a tape recorder and was suspected of being a security police-

Diplomatic mission

Former U.S. Secretaries of State Henry Kissinger and Cyrus Vance have been recruited to try to per-suade Fifa, the world football federation, to change its decision to stage the 1986 World Cup in Mexico and to award it to the U.S.

Irish trawler missing since Friday was spotted off Ulster, out of fuel. Bulldozers cut a path for building a canal to divert lave to safety from erupting Mount Etna, Sicily,

Italian journalist Ambrogio Fogar ended his 860 km North Pole walk

Greek composer Mikos Theodorakis won a Lenin peace prize.

BUSINESS

exchange continues its surge

U.S. Secretary of State George TOKYO: Nikkei Dow index set a Shultz held intensive discussions record for the litth consecutive trading day, with a 22.03 rise to 8,784.39. Stock Exchange index went up 2.91 to a record 634.87. Report, leading prices, other ex-changes, Page 32

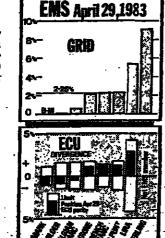
• WALL STREET: Dow Jones in dex closed 21.87 down at 1,204.33.

● LONDON: Stock Exchange and currency market were closed for the May bank holiday.

rael's 54bn Lavie warplane project.

Reuter reported from Tel Aviv.

BELGIUM: Nearly 90 per cent of the private-sector work force is involved in work-sharing agree-ments, said Premier Wilfried Martens. Page 3



• THE DUTCH GUILDER was a little firmer within the European Move against election Monetary System last week. That reflected further intervention by the Dutch central bank in its support and a firmer trend in domestic

> Rates were also a little firmer in West Germany as the Fundesbank sponsored a rise in short-term rates, together with continued intervention in the foreign-exchange market to contain the D-Mark's

weaker trend, notably against the dollar. The West German currency

system, however, after the guilder, although both were still within their divergence limits.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the system, defines the cross rates from tem, defines the cross rates from which no currency (extept the lira) may more more than 24 per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TELERATE, the U.S. financial information service valued at over \$900m when share trading opened last week, reported earnings in the half ended March 67 per cent up at

\$8.2m. Page 27 • THAI AIRWAYS International signed a \$89m order with Airbus In-dustrie for two A300-600 jets, dropping its plan to order from Boeing, said the Daily Bangkok World.

• MARKS AND SPENCER of the UK and J.C. Penney of the U.S. are to re-equip their retail store chains with new NCR computer equipment to speed operations. Page 9

• INTERNATIONAL Income Property, a U.S. investment company, is to raise C12m (\$18.7m) through a London share offer.

e ENI, the Italian state energy agency, announced a 1982 loss of L1,737bn (\$1,19bn). Page 27

· VOLKER STEVIN, Dutch construction and dredging group, is helting work in Nigeria, claiming the Government owes it Fl 280m (\$100.9m). Page 5

German institutes see growth up, inflation down

BY JONATHAN CARR IN BONN

West Germany is likely to have stronger economic growth and lower inflation this year than seemed possible even six months ago, according to the country's five leading economic research institutes.

In their regular spring report, rethe Government have so far been in the winter. That also conforms leased yesterday, the institutes also forecasting stagnation this year, with the Government's expectaseid they expected the country's The Organisation for Economic Cotions. current-account surplus roughly to double this year to about DM 15bn (\$6.1bn).

The projections are not only more positive than those made by the same institutes last October, but also go beyond even the Government's forecasts, announced in Jan-

uary.

The institutes (from Munich, Berlin, Hamburg, Kiel and Essen) now believe the economy will grow in 1983 by 0.5 per cent in real terms (after allowing for inflation) - after contracting by 1.1 per cent in 1982.

They also think the inflation rate will be down to an average of only 3 per cent this year after 5.3 per cent in 1982, thanks not least to a relaively strong D-Mark, which helps to depress import prices.

Although a real economic growth

operation and Development is even expecting West Germany's gross national product to contract in real

terms for the third successive year. However, the institutes now argue that signs of a domestic economic upswing are already visible -above all in the increased demand for capital goods. They calculate that fixed-asset investment will be growing by 3 per cent in real terms in the second half of this year after I per cent in the first half.

They also expect that consur spending will gradually pick up dur-ing 1983. Despite stagnating real incomes, there are signs that people, taking advantage of lower interest rates, are digging into their savings accounts or taking up new credit.

Despite the modest upturn, the

new report warns that unemployment will average about 2.35m or 10 rate of 0.5 per cent does not look per cent of the labour force this security contributions should like much, both the institutes and year, touching a peak of about 2.8m ruled out, the institute says.

The institutes also emphasise that the economic upturn might be shortlived unless the Government takes firm steps to support it. However, the economic experts differ on what those steps should be.

Four of the institutes urge further cuts in government spending -even to the extent of refusing aid for the hard-hit steel and shipbuilding industries. They also demand a cut in the tax burden on companies - a step virtually certain to be announced by the Government this

The fifth institute, from Berlin, gives a warning that excessive ef-forts to cut state spending may simply undermine the fledgling eco-nomic upturn and increase the financial problems of the social ser vices. Increases in taxes and social security contributions should not be

Employers and unions in UK urge world reflation

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON A CONCERTED international pro- larly the rather cautious way in that the fight against inflation must

be urged by leaders of British in-dustry and trade unions at a meet-from sections of British's ruling

Union Congress and of the Confederation of British Industry will both in another false dawn, as happened argue that a more expansionary last year. The possibility of some policy is essential to reverse the form of concerted action to boost

and elsewhere. Both organisations are hoping to those countries. persuade the Thatcher Government to adopt a less restrictive position the UK Chancellor of the Exchein the run-up to the economic sum-mit meeting in Williamsburg, Vir-day, there is little chance that the ginia, at the end of the month.

gramme of economic expansion will which the CBI states the case - is ing tomorrow of the National Eco- Conservative Party and many inter-Development Council national political leaders.

Representatives of the Trades there is anxiety in case the recent signs of world recovery should end rise of unemployment in Britain economic activity has been discussed at a high level in most of

However, as Sir Geoffrey Howe, Government of Mrs Margaret The call for expansion - particu- Thatcher will relax its insistence

come first.

Deliberate expansion through in creased Government borrowing would, in Sir Geoffrey's view, help to refuel the fires of inflation and (NEDC), the consultative body In all the seven summit countries would therefore be self-defeating in the long run. In a four-page paper and the Government.

The U.S., Japan, West Germany, the long run. In a four-page paper to the NEDC. Sir Geoffrey underlines the need for international agreement to continue on the path of financial discipline.

However, in a detailed paper to tomorrow's NEDC meeting, the CBI argues that the recent dramatic lowering of inflation rates in the leading countries now gives finan-cial leaders some scope for a relaxation of their tight policies. The CBI may have an eye on the

meeting of international finance

Wall St slides 21.87 to close at 1204.33

By Our New York Staff

SHARE PRICES on Wall Street fell sharply yesterday after clos-ing at an all-time high on Friday. By the close, the Dow Jones Industrial Average had shed 21.87 to 1.204.33, just above the 1.200 mark which was breached

only last Tuesday.

Declines led advances by two to-one on the broader market, but volume was only moderate at 88.4m shares against the 105m traded on Friday.

At 3 pm the average was 18.38 down at 1,207.82

Prices were already beginning to weaken when word came that investment strategists at Morgan Stanley, a leading investment bank, were urging clients to be considerably more cautious about fresh buying after the recent upsurge in share prices.

The firm said that the bull market in shares had "years and perhaps another thousand points

But it warned that share prices had surged ahead of the bond market in recent weeks, and that buying of secondary, speculative had

Trading was active but not especially heavy by recent standards. Bond prices eased margi-

Wall Street report, Page 32; full prices, Pages 30-32; Other markets, Page 32

IMPORTS FROM ARABS 'WILL GROW'

Hoechst will buy ammonia from Kuwait

BY CARLA RAPOPORT IN FRANKFURT

HOECHST, one of the world's largest chemical companies, plans to begin bulk purchases of ammonia deals planned between the West German company and its largest single shareholder.

Kuwan's state-owned oil group, Petroleum Industries of Kuwan, holds slightly more than 24 per cent of Hoechst's shares. Last week, the German group said it planned to appoint a high-ranking Kuwait busi-

essman to its supervisory board. In the first public comment on of Hoechst, said the ammonia purchases were likely to be the first of growing volume of raw-material sales by the Kuwaitis to Hoechst. Professor Sammet said that purchases of styrene monomer, used to make polystyrene and synthetic rubber, and liquid ethylene were under consideration.

The two groups also plan to rationalise their operations in countries where they both have chemical facilities, such as Tunisia and Egypt. Further, they are considering the construction of new production facilities in the Middle and Far

"It is too early to say we expect these arrangements to improve our profits in 1983, Professor Sammet said, "but we are hopeful that the benefits will come through in 1984." Professor Sammet ruled out the

possibility of Hoechst's participating in a joint petrochemical venture with its new shareholder in Kuwait. However, he said the Kuwaitis were likely to build an ethylene plant to meet Hoechst's needs in the next five to ten years.

Hoechst, the largest purchaser of ethylene in Europe, has no internal capacity to produce the key petro-chemical that is the prime ingredient in plastics and solvents.

Hoechst currently spends about DM 1.5bn (\$610m) a year on ethylene, styrene and ammonia, which Kuwait's participation in Hoechst, is primarily used to make fertilis-Professor Rolf Sammet, chairman ers. Four ethylene plants in Europe were specifically constructed for Hoechst's needs, but contracts with those operators may be allowed to lapse if the Kuwaitis build ethylene capacity using their own feedstock

*Our premier interest is in how cheaply, we can buy," Professor Sammet said. "Ammonia production started in Germany 70 years ago. Now, because of energy costs we must see that it is too expensive to produce in Germany. I do not know if we will stop our own production, but we will not start any new capacity."

Hoechst is building a new terminal in Vlissingen, in the Netherlands, which should be capable of handling the ammonia imports from Kuwait by the end of the year.

Hoechst confident of upturn, Page 24

Dutch raise rates by 1 point

BY WALTER ELLIS IN AMSTERDAM

day raised its discount rate and other major interest rates by a full percentage point in a bid to move into line with existing money market

The intention is to stabilise rates generally and thus to create a climate in which the downward movement that had prevailed until last month can resume.

The discount rate is now 4.5 per cent, the secured loan rate (equivalent to the West German Lombard rate) is 5.0 per cent and the promissory note rate 5.5 per cent.

Continued on Page 24 corresponding action by the Bun- trend and have been holding back had not shifted.

Dutch bank rates are normally

in West German rates. This year, of line with the D-Mark and the central bank in Amsterdam has several times now felt obliged to operate independently.

market have been creeping up in These were the prevailing rates Prime Minister, have spoken repeacies within the European Monetary in January, but there were two de- tedly of the need for reduced rates. System, but the D-Mark was weak-

THE DUTCH Central Bank yester desbank - in response to the mar- from placements in the hope of en-

couraging improved terms.

The Central Bank yesterday also adjusted in relation to movements announced that it would accept tenders this morning from the comrate of 5.5 per cent. This is half a point above the "Lombard" rate and is seen as the preferred upper limit for such transactions.

One banking analyst said yester-Interest rates on the Dutch bond day that he thought the full percentage point rise in the bank rate a little excessive. The guilder, he recent weeks, with 8.5 per cent the current going rate. The Central Bank and Mr Ruud Lubbers, the clines in March - once without but investors have sensed a rising er still and German interest rates

Oxy's first-quarter profits drop sharply

OCCIDENTAL PETROLEUM, the gas sales and earnings were higher Los Angeles-based oil company, in the latest quarter, reflecting the yesterday reported sharply lower contribution of Cities Service's do

ings from continued operations of \$25.9m and a \$8.6m loss from dis-continued Cities Service Company to net income of \$62.1m on sales of After a \$108.4m provision for pre
After a \$108.4m provision for pre
business operations were also reported mainly as a result of de-After a \$108.4m provision for pre-ferred dividend requirements, Oc-

cidental reported a \$1.02 loss per

Occidental said its long range as-

net earnings in the first quarter, reflecting the increased interest charges resulting from the Cities Service acquisition last year.

The Company reported snarply lower mestic exploration and production mestic exploration and production creased from \$2.19bn to \$2.87bn while earnings increased from \$49.2m to \$151.7m.

However, coal earnings fell because of severely reduced demand. Coal earnings of \$2.1m compared to refining and marketing operations.

This resulted in a final net of \$17.3m on sales of \$4.9m, compared the sales of assets. Reduced earnings in agri-

pressed fertiliser markets. These were partly offset by the gain on the sale of Zoecon Corporation. share compared with earnings per share of 42 cents in 1982 when pre-Occidental also said that its talks with union leaders in midferred dividend requirements to chemical operations returned to talled \$22.2m.

Uccidental also said that talks with union leaders in the february.

The Japanese had been thought

further substantial funds can be ex- seeing the beginnings of a strong But labour relations have been a pected from the proposed sale, an- economic recovery in all our businounced last month, of the refining, nesses. The world crude oil prices marketing and transportation oper- are holding. With the Cities acquisiations of Cities Service to South-tion Occidental now produces apland Corporation and from other as- proximately 400,000 net barrels a day of oil and gas liquids and over Occidental reported that oil and 800m net cubic feet of gas daily."

Ford drops steel plant sale plan

By Richard Lambert in New York

U.S. has abandoned plans to sell a controlling interest in its Rouge steel plant to a consortium of Japanese companies led by Nippon Ko-kan K.K. The sale, which would have led to the first major investment by Japan in the U.S. steel industry, apparently broke down over the issue of labour relations at the

In a letter to the 5,000 employees at the Rouge plant, Ford said it had become clear that "we were not likely to resolve labour issues to the satisfaction of the Japanese and so there is no point in further discussions. The company had started

set disposal and debt repayment in the first quarter last year.

programme is "now well ahead of schedule." The company said that and chief executive, said "we are has made losses in recent years. potential stumblingblock from the

> Although details of the talks were Continued on Page 24 Record profit for Ford Australia,

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Defence: France rejoins her Lex:

Technology: latest robot Lombard: next UK wage Iran: slogans give way to Small businesses realism..... 5 Survey Section III

Waterford workers in tax protest

By Brendan Keenan in Dublin

MOST OF the manufacturing companies in Waterford, in south-east Ireland, have been that down by the first strikes called specifically to protest against Irish tax rates.

Almost 5,000 workers stayed away, over half of them employed by Waterford Glass, which makes high quality crystal glassware and is the area's biggest and most successful company. ful company.

Waterford Glass workers have threatened to strike for two days each week after attempts to avoid paying income tax and social insurance failed. They were joined yesterday in a one-day protest strike by about 2,000 other workers.

Retail and transport workers in the area are considering whether to join the campaign. Mr Desmond O'Toole, the president of Waterford's Chamber of Commerce, complained that the area had become a test case for the tax protest at a time when it was making every effort to attract industrial investment. However, the campaign is unlikely to last long unless workers in other parts of the country take similar action. Shop stewards from Waterford are travelling to Dublin and other centres in an effort to win

Plan to aid new French companies

M LAURENT FABIUS, France's new Industry Minister, has underlined his willingness to improve the health of the corporate sector by launching a new scheme to help the creation of small businesses. The move, announced as part of a number of modest initia-

ot a number of modest initia-tives to help private industry, will give newly-formed com-panies a three-year tax holiday starting from this year. It also offers help for people intending to set up their own businesses and a simplification of bureau-

of a FFT 35n (£260,8m) industrial modernisation in 1 does fed initially by the state financing body Caisse des Depots et Consignations. Later on—possibly at the end of the year—the Government intends to introduce a new savings scheme to the private into schools and colleges.

The measure received only a grudging response from the patronat, the employers' federation. It said it would have little teffect as newly-created companies rarely made profits and so hardly paid tax.

Other action announced by M Fabius predecessor, of a FFr 3bn (£260.8m) industry to industry.

M Fabius package is intended to continue the line of moderate french companies exposed to international competition would be lifted "as soon as possible"—although this added little to previous generalised statements from M Chevenement.

He also said that the Socialist government's wide-ranging tech-

government's wide-ranging tech-nological programmes in areas such as electronics would be continued, with further efforts

Norway scales down search for submarine

But he said the suspected submarine, which has been hunted with missiles and depthcharges, could now have escaped from the narrow 100-mile fjord on Norway's rugged West coast into the North Sea.

NORWAY yesterday scaled submarine in the Hardanger down its six-day hunt for a fjord at all. "It is highly unsuspected submarine in a west-coast fjord, Reuter reports from have survived the intense Oslo. The navy still had orders attacks by our forces on Saturtos sink any such intruder tryday and Sunday," he said ing to escape, rear-admiral Norwegian forces fired more Haakon Ellingsen told a news conference on the island of Stord.

Fay Gjester adds from Oslo: A Russian oil-drilling vessel, which began working at the weekend just inside a disputed part of the Norwegian-Soviet Continental Shelf, is being closely watched by a Norwegian coset must ship. For the time Admiral Roy Breivik told the coast guard ship. For the time Norwegian news agency in Oslo being, however, Norway's Govinat the navy was no longer ernment has decided not to certain there had been a foreign lodgean official protest.

Norwegian calculations put the Soviet ship, "Valentin Shashin," just inside the 155,000 arose is kilometre grey zone of the Berents Sea, an area to which both Norway and the USSR lay claim.

Dentity Foreign Affaire since by since by

arose in 1972, when both countries extended their continental shelf boundaries to 200 miles. Negotiations on the subject have been held at intervals USSR lay claim.

Deputy Foreign Affairs
Minister, Mr Eivinn Berg said that if the ship moved any further west. Norway would have to "right the balance" by drilling a well inside the grey zone. This could lead to a Norwegian-Soviet drilling "war," he pointed out.

The USSR says the sector line (a line of langitude) should mark the continental shelf boundary. Norway wants it defined according to the median line principle—used in deter-

boundaries. The issue arose in 1974, when

Pertini tries to stave off election

By Rupert Cornwell in Rome

By Rupert Comwell in Rome

PRESIDENT Sandro Pertini
last night made a final, but
almost certainly hopeless
move to stave off early
general elections this June,
by asking Sig Tommaso
Morlino, the president of the
Senate, to conduct exploratory soundings to see if a new
government could be formed.
Sig Morlino will consult with
party delegations today. He
will refer back to Sig Pertini
tonight or at the latest tomorrow morning. Assuming
he does not succeed where
the head of state has already
failed, the way will be finally
clear for the degree dissolving Italy's eighth post-war
Parliament.

Parilament.

Dections will be held most probably on June 26, but an outside chance remains that outside chance remains that they may be put forward a week to June 19. The present coalition Government of Sig Amintore Fanfani, which held office for five months before resigning at the weekend, will remain in a caretaker capacity until a new administration is formed on the other side of the electhe other side of the elec-

The resignation of Sig Fanfani, a Christian Democrat, was provoked by the withdrawal from parliamentary support of the Socialist Party, without whose backing no govern-ment in Italy can be formed. Editorial Comment, Page 22

Poles hope Papal visit will herald further concessions

BY CHRISTOPHER BOBINSKI IN WARSAW

SOLIDARITY BUOYED by its May Day successes in bringing many thousands of Poles out into the streets will now be hoping the Pope's visit in June will bring a step nearer the release of political prisoners and the re-recognition of the union.

The demonstrations, in at least 20 towns, showed that the least 20 towns, showed that the movement can count on a hard core of supporters able to sustain it indefinitely at its present tain it indefinitely at its present level of activity, despite the underground leadership being depleted and in constant danger of arrest. Solidarity's avowed spokesmen, like Mr Lech Walesa, are always open to the danger of questioning, house searches and temporary detertion

searches and temporary detertion.

Nevertheless, the Polish
authorities can claim "normalisation" is continuing. Several
million Poles turned up on
official May Day marches, a
much-increased turnout compered to last year, and in
Warsaw at least, police dispersed unofficial demonstrators persed unofficial demonstrators

win ease.

The fact that the authorities have played down Sunday's unofficial marches, apparently at their strongest in Gdansk and Nowa Huta, where one man died, indicates that they do not intend to ask for a postpone-ment of the Pope's visit at the

General Wojciech Jaruzelski's May Day speech provided hints of the policy lines the authorities intend to take in coming weeks. "Should the path to normalisation not be disturbed in the coming days and months and the atmosphere of calm consolidated, then a real chance of lifting martial law and the accombanying moves will come

This is in effect an offer to both the Pope and the Polish Church that a peaceful visit could lead to an end to martial law and an amnesty for the country's estimated 1,000 political prisoners.
The authorities will no doubt

be hoving Solidarity takes the hint about a potential amnesty, its strongest demand, and cools off as regards further calls to

demonstrations.

The Solidarity leadership has already said that if does not intend to hold demonstrations during the Papal visit, partly so as not to prejudice the prospects of a meeling between Mr Lech Walesa and the Pope, no doubt.

Given the authorities' failure to adopt credible reform policies that might swing support away from the Solidarity movement, and given that the outright repression of the early days of martial law has slackened, the banned union could continue at its present. level of activity for the foresee-able future. For the moment, only a dramatic deterioration



Mr Konstantin Chernenko, said to have been Mr Yuri Andropov's chief rival in the battle for the leadership of the Soviet Communist Party following Mr Leonid the Soviet Communist Party following Mr Leonid Brezhnev's death Isst year, was absent from the tradi-tional May Day celebration in Moscow's Red Square. This has added fuel to speculation that Mr Chernenko, who was last seen in public on March 30 and has missed three important events in the past month, could be pushed out of the 12-member ruling

In the coming weeks, it is up to the Catholic church to wrest as many concessions as possible from the authorities as the Papal visit approaches. Cardinal Jozef Glemp, speaking on Sunday of "the ideals of August 1980" which gave rise to Solidarity, gave notice that the church would be trying.

U.S. President Ronald Reagan at the weekend denounced the continuing wave of suppression by the Polish Government, AP reports from Washington.

His statement, read at a rally

Washington.

His statement, read at a rally in support of Solidarity, said the suppression was being "carried out under intense Soviet pressure." "What we have witnessed is a genuine struggle of workers in a so-called workers' state for basic human and economic rights."

Resear said "We salute the

U.S. library ordered closed to Poles last week in a in the economic situation might Warsaw government p lead to a significant upturn in against the activities of support for it. funded radio stations.

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Small town violence delays final Portugal poli result

BY DIANA SMITH IN LISBON

Portugal's results have been delayed for the second week running, with serious repercussions on chances of a Government being formed rapidly.

Violence in the tiny constituency of Crestuma, which has only 1,943 voters, led to destruction of the polling station yesterday when attempts were made to repeat the elec-tion, postponed from April 25. The polling station was torn apart by local people who were protesting against a boundary division that they claim has robbed them of part of their borough. Crestuma flared up again over the May Day week-end: mobs threatened to lynch

a television crew attempting to film the over-excited population. Until Crestuma, not far from Oporto, caims down enough to vote, resolution of Portugal's political dilemma will have to be postponed. Another election be postponed. Another election has been called for the town for May 9, two days after the winning Socialists and Social Democrats separately hold meetings of their governing bodies to debate whether or not the next government should be a Socialist-Democrat coalition

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Bank Hapoalim BM	10 65	Lloyds Bank .
		Mallinhall Lim
	10 %	Edward Manson
Bank of Ireland	10.2	Midland Bank .
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anque Belge Ltd	30 %	P. S. Refson &
Sanque da Rhone	11 %	Roxburghe Ga
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remar Holdings Ltd.	11 %	Standard Chart
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N-L		* Anny Marie .

BASE LENDING PATES

Belgium's private sector employees take to work-sharing

NEARLY 90 per cent of the concluded work-sharing accords workforce in the Belgian with the unions, private sector is involved. But there is considerable in work-sharing agreements, opposition among Belgian emposition to the Government's according to Mr Wilfried proposition to the Government's according to Mr Wilfried proposition to the deliver the continuous according to Mr Wilfried proposition to the deliver the continuous according to Mr Wilfried proposition among the continuous according to the deliver the continuous according to the continuous according Martens, the Prime Minister.

At the sectoral level, 75 agreements covering more than Imtemployees have been reached, employees have been reached, employees have been reached. employees have been reached, ha told Flemish economists during a weekend speech at

during a weekend speech at Ghent.

As part of his plan to check the rise and then reduce the rate of unemployment, the Belgian Government has been encouraging the worksharing practice. The agreements vary but average a reduction in the working week of 2.5 per cent, matched by new hising from employers of 2.6 per cent, at the end of March, Belgian unemployment had reached 13.8 per cent of the working population, compared with 12.3 per cent a year earlier. The British unemployment rate at the end of March was 12.3 per cent.

Mr Martens claimed that the declaring trend in the profitability of Belgian companies, marked from 1973 and especially evident in 1981, may have been arrested. The evidence is the higher level of return noted in the 1982 company results so far published.

The work-sharing schemes do not mean that employees are paid less for the lower number of hours worked, although the Belgian wage indexation system has been substantially modified.

those faced by UK industry. Fabrimetal, the Belgian group

East Germany hints at land route sanction

BY LESLIE COLITT IN BERLIN

it does not want a further deterioration in relations with Herr Strauss has been urging West Germany, after the recent a harder line towards East Germany and the Soviet Union.

Last Thursday. Herr Erich
Honecker, East Germany's PreThe East German newspaper,

EAST GERMANY has indicated East German border officials.

deaths of two West Germans many and the Soviet Union.

from apparent heart attacks during questioning by East German press last during questioning by East German border guards. However, the main Hungarian Communist the

Honecker, East Germany's President, cancelled what was to have been the first visit by an East German leader to West Germany later this year. East Party as saying that Herr Germany said the trip could not take place because of the situation brought about by West Germany to have been because of the situation brought about by West Germany to have been because of the agreements concluded in Germany.

This referred to claims by the agreements concluded in the agreements concluded in the agreements concluded in the 1970s. He said they were the Terranz-Josef Stranss's designed to deprive millions of Christian Social Party in West Germans who use the Bavaria, which is allied with Chancellor Helmut Kehl's Christian Democrats, that the West Germany of the "benefits of Germans had been murdered by

Vienna coalition talks start

BY OUR VIENNA CORRESPONDENT

SERIOUS TALKS on a new Socialists were to fail Austrian Government begin in The reasoning of the party Vienna today between its leader, Dr Norbert Steger, Socialists and the liberal Freedom Party. The liberals, who Party could do itself more good have held the balance of power in the eyes of the hourseases. election on April 24, have stated cause in a coalition with the their preference for a coalition Socalists rather than swamped with the Socialists rather than by the People's Party in an with the conservative People's anti-Socialist coalition.

Party only if the negotiations Party received 81 and the with Dr Bruno Kreisky's Socalists 90.

15

in the Parliament since the the advocate of the electorate as election on April 24, have stated cause in a coalition of the state of th

Party.

The Freedom Party received
The liberals said that they
Would enter an anti-Socialist broke the absolute majority of
coalition with the People's

The Freedom Party received
12 seats in the election which
broke the absolute majority of
coalition with the People's The Freedom Party receive

Nakasone backs away from June election'

By Jurek Martin in Tokyo

MR YASUHIRO NAKASONE. the Japanese Prime Minister, appears to have decided not to hold a general election

He has made no formal he has made no format amouncement to this effect. But he has reportedly con-veyed his decision personally to Mr Kakuei Tanaka, the former Prime Minister and national political eminente grise, and has assigned his two principal political lien-tenants to suread the word tenants to spread the word inside the ruling Liberal Democratic Party.

Mr Nakasone is currently on a tour of Asean nations and it had been generally assumed that he would make his position known at the conclusion of his trip.

Apart from some equivoca-tion shortly after assuming office last November, Mr Nakasone has been consistent

Nakasone has been consistent in stating that he preferred that the present parliament serve out its term, which lasts until the summer of 1984.

Nevertheless, the Japanese body politic, including the media, has recently caught a severe bout of election fever. This partly stemmed from the intense political activity attendant on last month's local elections and the prelocal elections and the pre-parations for next month's Upper House elections.

In spite of a couple of set-backs, the LDP did well enough in the local elections

to encourage speculation that Mr Nakasone would go to the country. At the same time, he has been under pressure from Mr Tanaka to dissolve pari a-ment early: the former Prime ment early: the former Prime Minister does not want a general election after the Lockheed verdict on him is handed down in the antunm. It is likely that, in defying Mr Tanaka, Mr Nakssone wishes to convey the impression that he is the master of his own house retires than

of his own house, rather than the lackey of the man who helped make him Prime Minister in the first place.

At the same time, by avoiding an early election, Mr Nakasone needs to cement his fragile relations with the anti-Tanaka elements inside the LDP, most of whom want to wait until after the Lockheed verdiet is in before going to the country in the hope that the Tanaka power base will Although Japanese polities often thrive on what might be

orten farive ou what might be called the art of indirection, there will be some pressure on Mr Nakasone when he returns to Tokyo to explain his thinking in executa detail. He is expected to fall back on the well worn argument on the wen work argument that his Government has much unfinished business, including administrative reform (a catch phrase for entting spending) and further economic fine tuning, such as economic fine tuning, such as the promised income tax cut. In fact, he can probably de little more than consign election fever to temporary remission. If, indeed, June is now ruled out, as is apparently, but not definitely, the case, the public mind seems bound to focus on other dates before the summer of next year



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Shultz intensifies negotiations on Israeli troop withdrawal

BY DAVID LENNON IN TEL AVIY

MR GEORGE SHULTZ, U.S. Secretary of State, held intensive, day-long discussions with Israeli officials in Jerusalem yesterday on the details of the hoped-for agreements with Lebanon on the withdrawal of sraeli forces

The American diplomat met Mr Yitzhak Shamir, the Foreign Minister, and Professor Mosha Arens, the Defence Minister. In the evening, all three men met Mr Menshem Begin, the Prime Minister, for further discussions.

discussions.
Following his weekend talks
with Lebanese leaders in
Beirut, Mr Shultz brought new Beirut. Mr Shultz brought new Lebanese formulations for resolving the deadlock over the security arrangements in southern Lebanon after the Israeli withdrawal.

It is reported there has been region.

This could present an opening to resolve one of the knottiest problems in the negotiations, though it is not certain that Syria would accept this semantic exercise.

ARGENTINE relatives of the

Falklands war dead on board the ship "Lago la Car" yester-day took part in a ceremony

in the South Atlantic to mark the first anniversary of the sinking of the cruiser Belgrano. An Argentine airforce aircraft and naval despatch ship partici-

pated in a separate ceremony. However, the threat of a con-

frontation between Argentina and Britain inside the 150-mile

British exclusion zone around

the Falkland Islands appeared

to have been defused. In Buenos Aires, state radio re-ported that the ship would sail

back to the mainland within

the next two days rather than attempt to enter the exclusion

zone on its way to the islands.
On Friday night, the
Argentine Government formally
took over responsibility for the
relatives and said that it had

security arrangements in the southern Lebanon after the that Syria would accept this agree is set in the second of the second of

over the position of Major Sa'ad Haddad, the rebel Lebanese officer who commands the Israeli-supported militia in the south.

Mr Begin is believed to have dropped his earlier insistence that Major Haddad be named as overall commander of the Lebanese forces in southern Lebanon. He is now apparently willing to accept some formula which will leave Major Haddad and his forces in charge of security in the area, even if some other Lebanese officer is made titular commander of the

banned any memorial act for the Argentine war dead other than that staged by the armed

Sur Osvaldo Des Tefanis, the main organiser of the relatives, had aimed to reach the Falkland

Islands by the middle of this week, to lay wreaths at the graves of Argentine soldiers buried at Port Darwin. In Buenos Aires, Des Tefanis's interception by the Government was interpreted as a concession

was interpreted as a concession

intended to encourage Britain into adopting a more flexible

attitude "

Before leaving Buenos Aires on Saturday, Snr Des Tefanis said that he hoped "Mis Thatcher will change her un-humanitarian and irrational

Argentine war dead honoured

occupied the negotiators yester-day. Israel wants to be certain that Syria will agree to withdraw its forces, because other-wise, any agreement between become simply academic.

Mr Shultz has now been in the region for more than a week but, despite the slow pace of the high-level talks, the feeling in Jerusalem is that there is a gradual narrowing of the gaps. In the words of one Minister, a resolution of the issue "is definitely coming." Apparently, the U.S. official

Argentine official claim that thousands of people who disappeared during the

country's bloody anti-terrorist campaign in the last decade are

human rights groups have asked

the Government to press Argen

Italians and " thousands of Italo-

President Sandro Pertini

attacked Argentina's military

regime and accused it of being "outside human civilisation."

Aires last weekend, Pertini also

condemned "the chilling cynicism" of the Argentine

In a tough message to Buenos

would like to rap up an agree-ment between Jerusalem and Beirut before travelling to Damacus to try to win Syrian agreement to pull its forces out of Lebanon simultaneously with those of Israel and the with those of Israel and the

Argentines."

AP adds from Rome: Out-military. The Argentine raged Italians are pressuring embassy in Rome declined to the Government to rebuff an comment on Pertini's remarks.



Shultz . . . talks on new

This is the method favoured by Jerusalem, which feels that it would prevent Syria putting forward new demands prior to the completion of the agreement between Israel

U.S. building index rises by 10%

By Richard Lambert in New York

AFTER a brief setback in February, the value of newly started construction in the U.S. surged higher again in March, according to McGraw-Union leaders, politicians and Hill's F. W. Dodge division. tine authorities for further details of the missing, who apparently include nearly 400 Strength in home building and public works construction pushed the scasonally adjusted Dodge index of con-

struction contract value up by 10 per cent over the previous month's level. In the first quarter of this cent above its average level in the final three months of 1982, and nearly 30 per cent above the cylical low point in the second quarter of last

China seeks U.S. show of friendship

By Mark Baker in Peking CHINA has demanded a show of friendship from the U.S. and suggested that the Reagan Administration may

now be deliberately attempting to downgrade the relationship.

In its latest major statement on the strained bilateral relationship. China says continued U.S. support for Taiwan and the granting of asylum to Chinese tennis player Hu Na. show that Washington is ignoring its commitments to China under the Shanghai II communique. the Shanghai II communique. signed last August.

Does if mean that the U.S. poes it mean that the U.S. authorities have crossed the rubicon and are working obstinately for a retrogression of the Sino-U.S. relationship?" asks the statement.

For all its high-sounding generalisations about not pursuing a policy of 'two Chinas' or 'one China, one Taiwan' it is sticking to its old ways of straddling two boats to reap the benefits from both sides."

The statement, carried as a commentary on the official news agency Xinhua, suggests that there has been no casing in the tensions between Peking and Washington which flared up over the Hu Na case a month ago.

It appears that China is trying t appears that China is trying to concentrate pressure on the central question of Taiwan after diversionary skirmishing over Hu Na, textile trade quotas, technology transfers and Washington's reluctance to support Pating's bid to support Peking's bid to take over Taiwan's seat in tho Asian Development Bank. Throwing the instrative onto the U.S., the statement says: "The situation demands action.
Does the United States want to see its relations with China improve or turn sour... it must sooner or later decide for itself."

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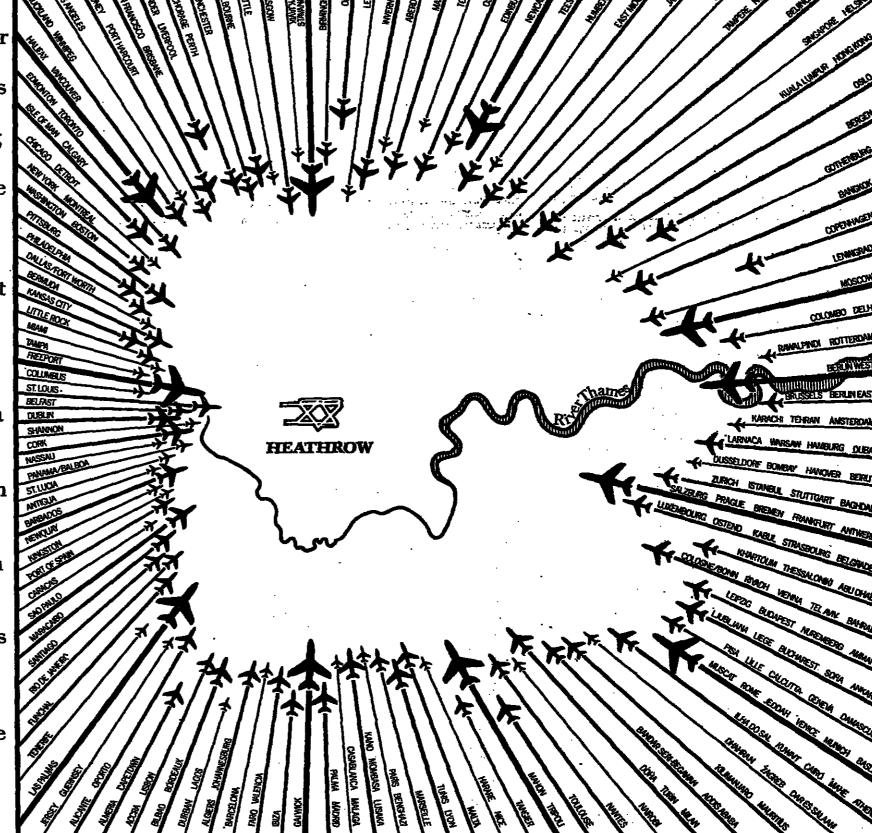
Cut half its flights so it operates half empty like most of its competitors?

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Together with improved immigration and baggage facilities in Terminal 1.

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The state of the s

Optimism on Third World at Unctad meeting

By Christian Tyler, World Trade Editor

PROTAGONISTS in the forthcoming Unetad VI conference are modestly opti-mistic that the meeting in Belgrade next month will avoid confrontations between the industrialised countries and the Third World. A private gathering of officials from some of the principal countries and interinstitutions Britain this weekend seems to have affirmed the developing nations' conviction that their problems — especially their huge indebtedness — cannot

he treated as if they did not affect all economies, North as well as South.

The meeting at Leeds Castle in Kent was hosted by Mr Peter Rees, UK Trade Minister. A spokesman for Mr Rees said that one of the principal themes of the conficiential session had been the inter-relationship of trade, finance and commodities.

The debts of the developing world could not be regarded affect all economies. North as

world could not be regarded as a problem merely for financial institutions and the banks. A solution was only possible if trade protectionism was resisted and if the rich countries kept their borders open to the poorer nations' exports. Participants also expected that economic expected that economic recovery would make a solu-

tion easier. Countries will be watching the results of the Ministerial meeting of the Organisation for Economic Co-operation and Development (OECD) next week and the Williamsburg summit of the seven richest nations at the end of the month. The Williamsburg meeting is expected to have an important influence on the way Unctad handles its own agenda. TURKEY is preparing to ask Britain's Export Credit Guaran-

Gatt gloom on recession

THE GENERAL Agreement THE GENERAL Agreement on Tariffs and Trade (Gatt), although beleagured by trade disagreements between the U.S. and the EEC and overshadowed at present by preparations for the Unctad VI conference in Belgrade in June, remains confident that it has an important role to play in the world's economy. ments. A small sum of around

play in the world's economy.

In its publication, "Gatt activities in 1982" lets gloomy about the "deep and prolonged crisis" affecting trade.

In both dollar and volume Turkey ran up major arrears following bad economic manage-ment in the late seventies but no delay in commercial transin 1982 on the previous year.
Looking forward, the report
says: "As 1983 opened, there
seemed little reason to expect two Airbuses early improvement, although first signs of an incipient economic recovery offered some hope that the trading from Airbus Industrie for \$89m, a That International

vironment might change." But the report also notes that there has been in a third successive year unusually numerous com-plaint cases brought before Gatt," led by the U.S. and the EEC. In 1982 alone they had requested adjudication before a Gatt panel on arguments

Iran's traders replace slogans with realism

BY KATHEFFN EVANS, RECENTLY IN TEHRAN

THE OFFICE of Reza Imamjomen does not look like the mercial director of the Foundakind of place where \$300m tion for the Deprived, an instiworth of business is transacted tution established in the early ayatollahs, with a portrait of Khomeini prominently placed But today even the most revolutionary-sounding organisa-

Dutch group

Nigeria, at the company's instigation, is negotiating with a number of banks to secure the

cash required. Volker Stevin's 1982 earnings of Fl 10m would undoubtedly have been higher but for the costs of reorganising

its Nigerian operations. Dredging of the Port Harcourt area

has already been completed and the pull-out, involving 100 key

personnel and heavy plant equipment, relates mainly to

building work on the new port complex.

tee Department to resume medium-term cover for Turkey,

David Tonge reports from Istanbul. Officials in Ankara

said this weekend that on Friday over £8m has been trans-

ferred to the credit of the ECGD, following earlier payments totalling nearly \$40m.

The Turks argue they have now met their arrears with

Britain in accordance with GECD re-scheduling agree-

of difficulties in reconciling the

mid-1981 there has been

two countries' figures.

Thais agree to buy

THAI International Airways has

agreed to buy two A300 surcraft

executive said, Reuter reports from Bangkok.

September cancelled its order

for the aircraft after being told of a delay in delivery. Airbus and the French Government

lobbied the airline to reconsider after Thai International

said it would buy two 767-200 aircraft from Boeing.

International

Turkey to ask for

ECGD cover

halts work

in Nigeria

every year. The walls are re-days of the revolution to take splendent with revolutionary over the assets of the Pahlavi posters of struggle, guns and Foundation, and of the Shah's tions in Iran are being run by a largest commercial organisate officials are brief officials, frequently foreign edutes and their families. Its officials with Western companies, says looking for quality products, companies. It sofficials, frequently foreign edutes and their families. Its officials are still and their families. Its officials with Western companies, says looking for quality products, companies. It sofficials are still and their families. Its officials are still and their families. Its o

Mr Imamjomeh is the comployees in factories and businessmen mercial director of the Foundanesses run by the Foundation say that frequently deals are then for the Deprived, an instinct are said to number 80,000. Foundation, and of the Shah's companies it owns, including Foundation officials deny they "Satanic parasites" as the spare parts for factories, raw need equipment, while sales-country's former entrepren materials, machine tools, chemimen find the factories screaming eurial class is referred to.

The foundation is one of the

cals and foundry equipment out for spare parts and Last year these orders amounted to around \$210m—all placed The officials say they are now

are said to number 90,000.

The commercial office of the Foundation is trying to centralise the purchases of all the to be streamlined, and often deals mean you buy expensive to be streamlined, and often deals mean you buy expensive to be streamlined.

the table business" which he does not want to encourage. and sell cheap," he says.

The organisation buys for

about 450 to 500 factories and some 200 commercial enter-prises, which used to function as trading agents for foreign companies. It also exports some \$2m to \$3m a year of mainly fruit products. Exports, particularly of industrial items are still hampered by the fixed

Some of the 22 projects have been announced however. They

 A phosphate fertilizer plant for Agrico Chemical Company 6 Manufacture of reach-in and walk-in cooler, freezers and refrigerated buildings by Kolpak International of Atlanta; · Secured ground and international transportation of cur-

China tries to tempt Taiwanese investors

BY MARK BAKER IN PEKING

CHINA is offering some of the

Under a package of concessions announced at the weekend Taiwanese who invest in new ventures in any of the four special economic zones will get and 50 per cent tax in the sub-four-year tax holidays, the right to sell a big slice of their pro-duction on the domestic market point ventures, the tax holiday and exemption from land use fees for five years.

The concessions go much further than the new range of general tax and pricing conces-sions announced several weeks age for all industrial joint ven-tures with foreigners.

There is unlikely however, to be rush of investment proposals from Taiwan, unless they can be disguised. The Taiwanese regime regards private commercial dealings with the mainland as virtual treason. Two businessmen were jailed carlier this year for assisting in the establishment of a new businessment of a new businessment of a new businessment. the establishment of a new business venture in southern China.

The investment package, out-

It said "Taiwan compatriots' most generous investment con- who invested alone or in joint cessions ever seen in China to ventures in industrial and Taiwanese businessmen who agricultural projects in the are prepared to channel their special economic zones would money back to the mainland. enjoy standard preferential agricultural projects in the reatment of the zones. In • Income-tax exemption for the first four profit-making years, sequent five years (under the new general concessions for joint ventures, the lax holiday is two years without tax and three years at 50 per cent):

• The right to sell 30 per cent of products manufactured with imported materials on the domestic market, provided the products are "needed" and advanced technology has been introduced:

• Exemption from land use fees for the period of construc-tion and in the first five years of operation.

The circular said the provi-sions would also apply to Tai-wanese who invested in existing enterprises in the cities of Zhuhai, Shantou and Xiamen, These cities are all on the coast of Fujian province facing national transportation of currency and other valuables by lined in a circular from the Brink's of Darien, Connecticut; State Council, was released of A telephone exchange factory, by ITT; the economic success of the Taiwanese,

U.S. to boost joint ventures in Pakistan

VOLKER STEVIN, the Dutch construction and dredging group, is halting work on its contracts in Nigeria following six months of non-payment of bills by the Government in Lagos. The company is owed some Fl 280m (£69.8m) and

hopes by withdrawing men and equipment, to force payment, Walter Ellis reports from Amsterdam. Volker Stevin is involved in a number of large projects in Nigeria, including the construction of a deep-water terminal at Port Harcourt.

TWO DOZEN U.S. companies have amounced plans to establish a variety of industries in Pakistan to supply the growing regional market, including the Middle East. The industries range from energy to agribusiness. telecommunications to luxury hotels.

A team of 27 senior U.S. business executives spent ten days negotiating with their prospective Pakistan partners, senior Government officials and the country's President, General Mohammed Zia-ul-Haq.

President Ronald Reagan had

asked the group to go to pakistan investors away from Pakistan for three decades, would be reduced. Government approval economy against the background of the Soviet military occupation of Afghanistan.

"If this new policy really gets moving, it will also attract investors from other countries, bath one unsured the countries, and the country's President Cia also told the country's President General Mohammed Zia-ul-Haq.

President Ronald Reagan had

ADVERTISEMENT

COMMUNICATIONS IN BUSINESS AND SOCIETY

Although the oldest securities company in Japan, having been founded in 1897, Yamaichi has had to work hard to maintain a leading industry position at times. In 1964, a stock market plunge caused severe business difficulties for the company that were only overcome by a combination of perseverance and innovation. Yoshio Yokota took over as President two years ago and under his management the company has managed to avoid much of the erosion in profits from the economic downturn and reduced stock commissions suffered by the securities industry in general. In part, this is due to emphasis Mr. Yokota has been placing on developing the company as a "financial supermarket".

Yamaichi Securities: developing a financial supermarket

By Geoffrey Murray

Mmray: From a securities industry viewpoint what are the most important structural changes that have occurred in the Japanese economy recently? Yokota: Two things standout ... the grow-

ing importance of internationalization and the increasing importance of government bonds and their significance in the economy Until the 1970's, Japan was an importer of capital through companies and various gov-ernment bodies issuing securities overseas in order to raise funds. Now, Japan has become a net exporter of capital. Domestically, Japan had a high rate of economic growth until 10 years ago. There was a growing ac-cumulation of funds in the household sector, with a savings rate of about 25 per cent ... although this has now shrunk to about 18 per cent. These funds were tapped by the corporate sector for business expansion, fixed capital investment, etc. But with the lower level of economic growth, companies are now able to raise funds largely out of re-tained profits, reducing the need to tap the household sector for funds. Now, it is the government sector which is in deficit and tapping the household sector. In other words there has been a major shift in the flow of funds. Funds which once went from the household to the corporate sector are now going to the government sector. The volume of government bonds is enormous. This year, for example, the private sector will absorb new bonds totalling about 12 trillion yen. So, the new issues market and the secondary market is obviously having a major impact on the entire securities industry.

Murray: But the fact that the government has to issue bonds to cover its budgetary deficits is generally seen as a weakness of the Japanese economy. Is it really good busi-.

Yokota: The volume of bond issues is a problem. When the government issues bonds it wants the best terms available ... a low coupon rate and a high issue price. They are trying to have their cake and eat it, too. For us, it's difficult to move bonds on those terms. On new issues the commission we are allowed is only one per cent on 10-year bonds, so it's not a very attractive business. But all the time we are seeing an accumulation of bonds on the secondary market and the figure is now over 100 trillion yen. The turnover is enormous at around 350 trillion yen a year, and the question is whether we can take advantage of the business opportunities. In that sense, the securities industry now is seeing a separation of the men from the boys.

Financial supermarket

Murray: There would seem to be both opportunities and dangers in the growing maturity and internationalization of the Japanese financial markets. Yokota: I agree. Take the issue of yen-denominated "Samurai" bonds. This is a

very attractive business and we obviously try to get a position as a lead manager. But, given the shuidity of the international situation and the growing problem of country risk, sometimes there are difficulties in getting the bonds taken up. Foreign exchange markets are also extremely volatile and that, too, exposes investors to risk. There is also a financial revolution under way. It has already made great progress in the United

States and we are beginning to see it here in Japan. The old divisions between banks, securities and insurance companies, for example, are now disappearing. You are getting a mix of financial products, and for the first time in history there is real competition in the Japanese financial sector. From April 1st. the banks have been able to sell longterm government bonds to the small investor at their branches. At the same time we're straying into what were once traditional banking areas.

Murray: What sort of management philosophy are you developing to meet the

Yokota: We are trying to adopt a "financial supermarket" approach, to be able to offer the full range of financial services to the public. We have to take a dynamic approach in pioneering new services. Banks have traditionally provided for the small saver who wants a haven for his funds. Well, we have now developed a unit trust vehicle, the Medium - Term Government Bond Fund, with similar characteristics to a bank current account. The household sector has some 200 trillion yen invested in some form of bank account. The securities industry hasn't even got one per cent of the business, so there are enormous opportunities waiting for us.

Murray: What is your personal business

philosophy? Yokota: I have always believed you should never duck an issue. If there is a problem you should face it squarely as a man. If you have sufficient resolve you can overcome any difficulty. About 20 years ago, Yamaichi went through a very difficult patch in its business. But the company as a whole exhibited great resolve and solidarity and we were able to face the problem and overcome it. So, I think my personal philosophy can be extended to the company as a whole.

Murray: What sort of public image do you wish to project?

Yokota: I think we are seen as a company that enjoys the trust and confidence of its customers. We work hard to develop a strong bond with the customer. Above all, we must endeavour to provide our customers with a truly profitable service. That seems an obvious thing, but if you have a company of over 7,000 employees you can very easily lose track of what you are really supposed to be doing in one area and that can pull the whole company down.

Prosperity with the client

Murray: Do you have a basic credo that sums this up for each employee?

Yokota: Certainly. Each employee has a company diary with the credo set out in the front. On the company's 50th anniversary. we set out two basic tenets ... that the company should prosper together with its customers and that Yamaichi should be a major force on a world scale. We have a five-point set of principles to ensure conscientious and honourable service to the company, the customers and society.

Murray: With your aim of a "financial supermarket" in mind, what would you cite as examples of Yamaichi's recent innovations?

Yokota: One of our most recent was "Jumbo", a high-yield five-year investment trust in government bonds which won the Nihon Keizai Shimbun (Japan Economic Daily) award for the best new product of



Yoshio Yokota, President

1982. It is a bit difficult to explain, because it involves the tax system and an exploitation of the exemptions to favour the small investor. You can get an income tax exemption on investment trust investments up to 3 million yen. Competition is very keen in this area, with other financial institutions, particularly the trust banks, offering a range of attractive products that were beginning to draw business away from Yamaichi. So we sat down and thought and eventually came up with the idea of "Jumbo", which has been an immense success. The initial subscription period was 10 days, but we reached the ceiling in just five days. After getting the ceiling raised a number of times, we managed nearly 50 billion yen of business which is not bad going for the initial launch of a new financial product. The key point is that any income reinvested is also tax exempt even if it takes you over the 3 million yen limit. So after five years your 3 million yen holding becomes 4.5 million yen on a net basis. Another new product is a unit trust vehicle which preserves the initial invested capital. With a normal unit trust you cannot guarantee the capital will be preserved because the investment is being made in securities. But with our five-year product we can guarantee that at the very worst you will get your money back, It works like this ... you invest around 75 per cent of the initial amount in low-coupon government bonds, selling at a big discount on their redemption price. After five years the bonds are redeemed at par and together with the re-invested interest the capital value is preserved. The remaining 25 per cent of your investment, meanwhile, has gone into equities with a prospect of a good return to put the icing on the cake. I would also like to mention our Total Information Service (TIS), an on-line data base system providing a full range of information for the financial institution managing a bond portfolio. We have already installed TIS in a number of the larger city banks as well as the financial headquarters of the national agricultural co-

operative movement. We are now working on a similar system for corporate customers which we hope to launch in the near future. Murray: What is the venture business situation in Japan?

Yokota: Venture businesses have attracted a lot of attention in the United States, but the environment in Japan is very different. Here, if there is a new idea, it is often brought along within the company or a subsidiary. You don't normally have a spin-off. Banks traditionally have had close links with companies and have provided loan capital for new operations, and so the idea of launching a venture business using equity finance is somewhat alien. Despite the difficulties of applying an American approach to Japan, we set up a venture capital management company, Yamaichi Uni Ven, at the end of last year. The actual investment in venture businesses is made by the participating investors acting as a partnership. I am glad to say that the first partnership, Uni Ven I, raised 2.3 billion yen and the second. Uni Ven II, 1 billion yen. For a variety of reasons these partnerships are not open to individual investors and Uni Ven I is only investing in companies thought to be close to going public, while Uni Ven II is looking for attractive venture businesses coming up for secondary stage financing. It's going to be re we see real I i up financing in Japan. However, in one respect there is similarity between the U.S. and Japan - the shortage of the right quality of venture business. Nevertheless we have already managed to invest in four businesses, I'm glad to say.

Simple ideas to save money

Murray: How do you develop new financial products? I don't suppose you have a R & D department like companies in the manufacturing sector.

Yokota: No. We have a new products committee, with members drawn from the main areas of our operations. We get input from our sales branches on what our customers want. Then we carry out computer simulations to see if it will work. There is a tremendous flow of information from our customers, not just from our branches but also through our door-to-door marketing approach. The QC circle movement, which has been so successful in the manufacturing sector, is also making inroads into the service sector now. We carried out successful trials last year and launched it on an all-company basis in April. It has already produced results. For example, until now we have had share certificates re-registered through the trust banks. But then we thought: with many companies based in Tokyo, why don't we approach the company directly and cut out this middleman? This is saying us millions of ven in fees. It's a very simple idea, but it took a young brain in a QC circle to think it up. Murray: What is your view on interna-

tional operations? · Yokota: We now have five representative offices, eight subsidiaries and six affiliates overseas, and I want to see these expand steadily. At present there are 135 non-Japanese employees on a Yamaichi Group basis. This figure is steadily rising and we want to increase local employment in all our overseas offices. Our emphasis is on promising young people who have already got a degree of expertise in their chosen area. In most Japanese organisations, international or foreign departments are usually considered "non-mainstream". In Yamaichi, however, we have managed to fully integrate international operations into the overall company operation both institutionally and psychologically. Purely domestic staff have tours of duty overseas and we are working on the problem of Head Office experience for overseas staff, I think this process of internationalization will greatly strengthen our base of expertise and benefit our future operations.



YAMAICHI SECURITIES CO., LTD. 4-1, Yaesu 2-chome. Chuo-ku Tokyo 104, Japan Telex: J22505 Tel: 03-276-3181

2.14 3...4 over issues ranging from canned peaches and pears <u>,,,,,,</u>

SHIPPING REPORT

Tanker market 'in perilous position' BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

longer term outlook for shipping.
The weekly tanker market prices last month. It warms that

LACK OF activity in the Gulf Eggar Forrester in the April area and an unexciting week in the dry cargo market have left shipbrokers to reflect on activity during April and to try to assess it in terms of the longer term outlook for ship-

The weekly tanker market report from brokers E. A. Gibson warms that moone should be in any doubt as to "the perilous position the industry has reached," whatever statistics and crystal-gazing might suggest. The market can only regain anything like its previous position, say the brokers, if the surplus of large vessels is reduced by scrapping at a faster rate than at present. The same point is made by

World Economic Indicators TRADE BALANCES

jan. 83 32.35 29.65 2.70 33,16 29,43 40.10 34,60 5.50 W. Germany DMbn 35.36 6.40 3.73 4.584 4.362 5.283 4.907 4.892 4.585 Exports UK Zbn 5,030 -0.138 5.076 -D.491 +0.222 **+0.376** Dec. '82 16,347 19,154 --2,807 Feb. '83 jan. '83 17,393 20,021 Feb. '83 18,614 19,570 —956 16,326 19,015 U.S. Shn -2,628 51.03 57.14 -6.11 55.44 61.64 --6.20 55.80 65.37 --9.57 **52.77** Exports France FFrbn 60.38 -7.61 Imports Balance 2,874 2,514 2,925 2,780 Exports 2,583 --69 2,787 +87 lapan Ybe 2,681 + 244 Jan. '81 7,650 9,266 Dec. '87 8,577 9,712 --1,135 Nov. '82 Jan. '83 9,660 10,601 —942 8,740 11,357 Italy Lbs -1,616 -2,617 203.5 156.4 218.8 218.7 197.6

STATISTICAL TRENDS: CHEMICALS

U.S. industry gains market penetration

especially in Western Europe.

The chemical industry, particularly bulk petrochemicals, has had a traumatic couple of years. One effect can be seen in the employment trends in the industry. The decline in the UK and Japan is the most marked, with the U.S. the least affected until recently. The figures for individual companies echo this.

Turnover figures show the

panies echo this.

Turnover figures show the U.S. companies as the giants of the industry now. The fact that fewer companies manufacture each chemical in the U.S. than in Western Europe has helped to keep prices up. American companies have suffered losses in profitability, but not so acutely as their competitors in Europe.

The market share of U.S.-based companies rose from 44.3 per cent in 1980 to 48.7 per cent in 1981, while the shares of those based in the UK. France, West Germany and Italy all declined. Overall the EEC share fell from 36.9 per cent to 32.5 per cent.

36.9 per cent to 32.5 per cent.
Capital investment in the industry was also generally down. As a proportion of investment in manufacturing as a whole it has tended to decline since 1975, reflecting the completion of major projects and fears about the profitability of new investments.

The regional share of world trade in chemicals shows Western Europe's dominant role, but North

CHEMICALS have traditionally recorded higher rates of growth in production than manufacturing as a whole. This was the pattern in the second half of the 1970s, except in the developing countries and Eastern Europe. But industrial production indices for chemicals reveal the fall-off in growth since 1980, especially in Western Europe. The chemical industry, reprint and exports as a proportion of output in nearly every major producing country.

Expected rates of growth in demand for bulk petrochemicals are probably too low to avoid substantial further cuts in capacity. World ethylene capacity increased by 37 per cent between 1975

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

and 1980 (and more than doubled in the developing countries), leaving producers with very low utilisation rates in the face of falling demand.

on the face of failing demand.

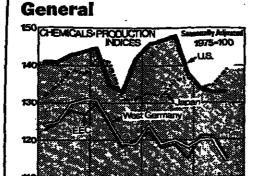
One estimate is that over a third of Europe's ethylene crackers are candidates for cutbacks or closure. The industrial Structure Council in Japan has recommended a one-third cut in Japanese ethylene capacity, while the production of ethylene in Italy is scheduled to fall by a quarter this year.

The problem of over-The problem of over-capacity has been increased by the prospect of new plant in the Middle East, Canada and Mexico, at lof which will have the advantage of cheap feedstocks

The best hopes for profit-ability lie in the special pro-duct areas like pharmaceu-ticals, rather than the bulk

Source: Econ. Commission for Europe

	PRODU	JOTION		
Апн	al average	growth rates	, %	
	197	0-75 Chemicals	197	5-80 Chemicals
World*	4.1	4.9	4.6	5.4
Developed market	2.0	3.2	4.1	5.4
N. America	2.1	3.8	4.6	6.5
EEC	1.2	2.3	29	4.0
EFTA	2.2	3.2	2.6	4.4
CMEA	8.9	10.0	5.8	5.4
Developing market	7.2	7.9	5.6	4.9



INDUSTRY JURNOYER (\$m)					
	1980	1981			
West Germany	59,194	57,548			
UK*	41,314	37,607			
France*	37,885	33,376			
Italy	28,141	24,193			
Benefux*	16.555	15,336			
Netherlands	14,322	13,560			
U.S.	158,100	184,900			
Japan	78,937	79,A67			
Excluding fibres.		Source: CEFIC			

	Anne	34643 <u>8</u> ¢	
·	GDP	Manufacturing	Chemical
W. Germany	2.3	1.2	2,5
UK	1,1	-0.9	2.0
France	3.1	2.1	4.2
Italy	2.9	3.3	5.4
Netherlands	2.3	1.8	4.1
U.S.	3.1	10,3	10.7
Japan	4.6	4.5	4.7
			ource: CEFIC

TOP 290	COMPANIES, 17: Sales (Sbn)		Market there %
U.S.	218.3	٠:	48.7
West Germany	63.7		14.2
	54.3		12.1
Japan UK	34.2		7.6
Netherlands	18.2		4.1
France	13.2		3.0 3.4
Switzerland	15.0		3.4
Belgium	5.6		1.3
Other	14.0		3,2
Total	448.7		100

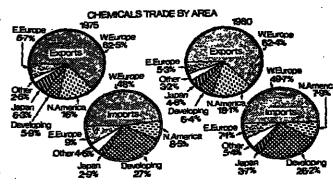
EMPLOYMENT INDICES	1975-10
	US.
IO— West Germany	
	>
Frence	4
Neiterlands), Agrico	
The state of the s	UK
Japan	

Top 10 19		<u> </u>
Kao Soap	japan	—17.5
BP*	υK	-76.7
Squibb	U.S.	 }4.8
Beecham	υK	—14.4
Nippon Kayaica	Japan	14.2
Fison	ÜK	—13.0
Occidental*	U.S.	-120
Montedison	ltaly	-10.7
Searle GD	ĽŚ	— 10.4
Courtaulds	UK	-10.1
* Chemical opera		

<u> </u>	Belance of trade
W. Germany	+10,536
UK	+4,328
France	+2,650
U.S.	+11,310
japan	+336
Italy .	-2,124
Benelux	+2,735
Netherlands	+4,846

Petrochemicals

Trade



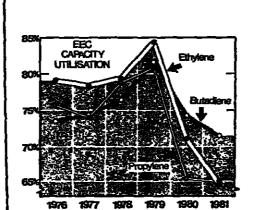
	% of a	orts as apparent amption	% o	erts as f gross tput
	1975	1980	1975	1980
France W. Germany Italy Spain Sweden UK U.S.	26.1 22.4 21.6 18.4 48.6 18.1 5.0	34.7° 31.9 23.8 20.4° 53.8 24.9 5.8	29.0 35.4 19.4 5.8 33.1 25.5 11.3	38.3° 45.3 17.6 11.8° 40.5 34.9 14.1
* 1979.			Şou	rest ECE

PRODUCT ST		TURE 6	OF EX	PORT:	5
		U.S.	W. Ge	r. UK	USSR
Organic	A	24.4	21.8	18.7	10.8
-	В	19.1	23.5	22.0	9.2
Inorganic	A	12.9	8.8	8.2	. 12,9
	В	12.2	8.6	10.6	26.1
Pharmaceuticals	Ā	8.9	9.4	15.4	8.1
	Ā	· 7.8	8.6	12.6	7.2
Plastics ·	Ā	T2.6	22.3	14.6	2.5
	В	15.0	73.9	15.3	9.4
Fertilisers	Ā	77.7	36	2.2	39.9
	B	8.8	2.4	0.9	39.2
A=1975. B=1980,	_			S	
					ce: ECE

Prod		LENE and cap	acity		
	P (tol 1975	roductic mes mil 2979	et lion) 1986	% distribut. of capacity, 1980	
W. Europe of which	7,8	12.3	10.9	32	1976 1977
EEC 4. America apan centrally planned bevipng, countries	7.2 9.3 3.4 2.0 1.1	11.0 13.2 4.8 3.0 2.7	9.6 12.5 4.3 2.6 2.3	40 12 9 7	1978 1979 1980 1981
				Source: ECE	

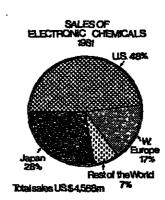
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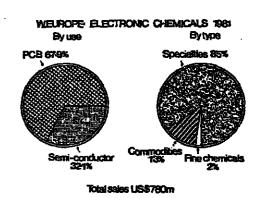
	. 1	EC: ETHYL (000 tonne		
	Effective capacity	Production	Imports extra-EEC	Export extra-El
1976	11,954	9,443	26	274
1977	12,308	9,639	7	360
1978	12,504	9,910	6	276
1979	12,984	10.960	24	137
1980	13,542	9,612	45	161
1981	13,949	9,039	58	-76 8
		-	Sa	urce: CEF.



OLEFI Estimated	_	ONSUMP		PHARM. Ratio of expo	ACEUTICAL orts to imp	
		1980-85	1981-85	_	1960	1980
Ethylene		1.1	3.3	France	364,2	217.3
EQ1) refre				W. Germany	329.6	169.
	В	1.4	3.5	ltzly	116,3	93.
Propylene	A	3.7	3.6	Netherlands	276.8	126.
	B	3.7	3.6	UK-	839 <i>.T</i>	315.9
	_			Switzerland	644.0	406.0
Butadiene	A	1.9	2.5	U.S.	1,069.6	348.1
A=EEC.	B⇔ W	, Europe.		Japan	107.9	27.5
		Sou	ree: CEFIC	• .	So	urce: ECE

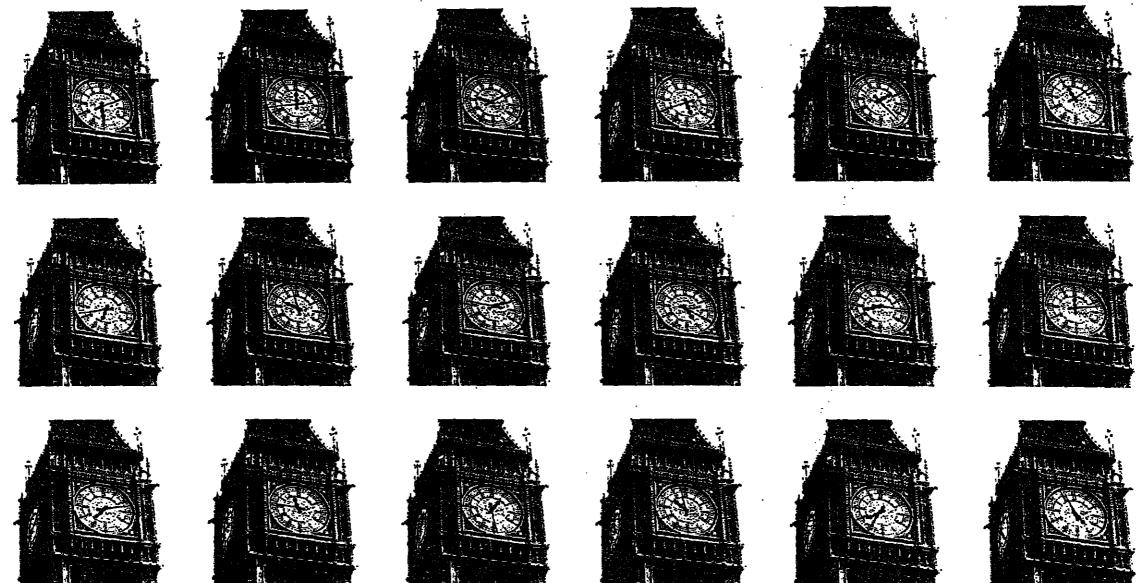
Pharmaceuticals





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And yet all of us are supposed to look forward to a future of private schools and private hospitals.

(You could also throw in private housing, since our council house-building has been cut by 75% in just three

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The best education and medicine money can buy is everyone's right.

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The old, the mentally sick, the physically disabled, can stand on their own two feet. If they've got the cash.

Right now, the Government is giving employers £4 million a year in tax concessions to convince you that health insurance is the answer.

It isn't.

Insurance companies prefer to insure fit people.

That's business.

If your child has an allergy, he's a risk. If your insurance runs out half-way through a serious illness, you pay the bill.

It's the same with education. An education voucher, which is what the Government would like to introduce. will be as much use as a luncheon voucher at the Savov. You'll only be okay if you can pay.

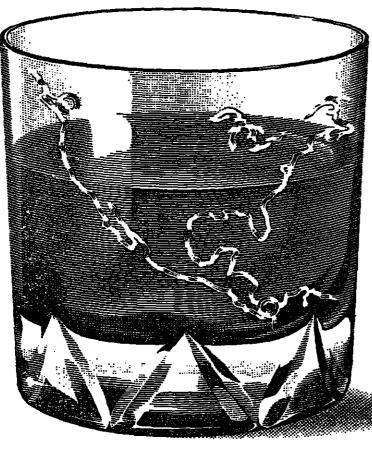
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All gas prices now likely to be frozen for next five months

THE British Gas Corporation has met its target of an average 3.5 seems set to freeze domestic tariffs until October L It is likely that price increases will then be restrict-starce, that in 1982-83 it made a ed to less than 5 per cent.

to domestic users of gas who have seen their bills double in the past three years. In that time tariffs were raised twice yearly, on April 1 and October 1, to the present rate of

This year, however, April passed without any sign of a tariff revision. British Gas said it could not take a position on its pricing structure be-cause the Energy Department had not yet fixed a financial target for the present 1983-84 fiscal year.

The department argued that the

erate on the basis of the previous year's financial target and was free to adjust prices if it was thought new target was still under consider-

ation in view of a recent exchange of information between the corpora-tion and Whitehall officials. pre-tax profit of about £560m.

In view of its profitability it is doubtful whether British Gas would have wanted to raise prices last month, even if its new target had been set

the government order which forced prices up by 10 per cent in real terms from early 1980. As a result domestic tariffs were raised twice yearly by 27 per cent in 1980, 25 per cent in 1981 and 22 per cent in 1982. giving an accumulated increase of exactly 100 per cent.

The move was aimed at redressing the balance between prices paid by industry and the much lower tariffs paid by domestic gas users.

Energy Secretary Mr Nigel Law

son has already told British Gas.
The department added that the that he hopes future domestic prices will not be raised more than the rate of inflation.

Following government on and Whitehall officials. industrial gas prices are being fro-In the past few years British Gas zen until October.

Birth drug inquiry ends

of Depo-Provera, an injectable con- within the next few weeks, will be traceptive, has ended with the referred to Mr Clark for further acdrug's manufacturer saying it had tion.

neth Clark last year rejected a recommendation for wider use of the drug. This recommendation was made by the Committee for Safety of Medicines.

A FIVE-DAY hearing on the safety findings, expected to be reached

Mr Geoff Rodgers, Upjohn's ma-The hearing was requested by Upjohn, the U.S. drug manufacturer, after Health Minister Mr Kendid not believe public hearings were recessarily the best forum in which necessarily the best forum in which to review scientific evidence.

was necessary to demonstrate that the drug review process is excep-A panel of five independent ex-perts heard evidence from 24 wit-nesses during the hearing. Their ing the drug."

Ministers likely to back opt-out pension proposal

opt out of company pension with their company scheme and schemes look likely in be backed by making their own provision. Anysegior ministers for inclusion in

A series of studies, both in White-hall and the Conservative Party, have recommended that individuals should assume more responsibility for their own pension arrangements. This is seen as a major step towards transferability of pension rights, thus aiding labour mobility.

The proposals would fit in with the manifesto's likely major theme of strengthening properly owner-ship. This will also involve measures to extend employee share ownership and further incentives for the sale of council houses and

The essence of the pension proposal is that employees should be transfer their rights when changing

one who opted out would have either to take out a pension contract with a life company, with limits self-employed, or to invest directly in a list of securities approved by the Government. Both employee and employer would still have to

At present most workers are compelled to join company schemes and those leaving in mid-career generally suffer a loss or restriction of

The advocates of change argue that workers would be encouraged to take more interest in their pension provisions, while those making their own arrangements could

PROPOSALS to allow employees to able to choose between remaining job. But the pension would not be of final salary as under compan-

Moves to stimulate more individual responsibility for pensions were discussed by the Family Policy Group of ministers and have been

studied by the Central Policy Review Staff (the Think Tank). Action to encourage transferabili ty of pension rights has also been recommended by the party policy group under Mr Keith Wickenden. MP for Dorking, while last week the Centre for Policy Studies, the research body with close links to Mrs Thatcher, urged legislation to allow employees to have their own personal contracts.

Both the Treasury and the Department of Health and Social Security are said to be very sympath-

British Airways 'will report £60m profit for last year'

BY LYNTON McLAIN

BRITISH AIRWAYS (BA) is expected to report a net profit of £80m after tax and interest for the financial year which ended on March 31. The trading profit is likely to be in excess of £150m, compared with £13m in 1981-82.

The results, if confirmed after tomorrow's BA board meeting at the City of London Guildhall, will represent a rapid turnaround in the trading performance of the state-owned airline, which made a record loss after tax and interest and extraordinary charges of £544.8m in 1981–82.

The airline is still expected, however, to report that it has more total liabilities than assets. It would be

expected to give an assurance to Ernst and Whinney, RA's auditors. that adequate financial resources will be available to meet the board's obligations.

He did this in 1981-82 when BA had a £256.7m deficiency of assets over liabilities. In the latest unaudited results, for 1982-83, the deficiency has been cut to about £100m. The expected 680m profit after

tax and interest payments for the last financial year compares with the £118m loss after interest, tax and other charges in 1981-82. This was the loss before British Airways included a record £426.4m

company with no guarantor, but in extraordinary charges for redun-trade Secretary Lord Cockfield is dancy payments and for increesed depreciation of aircraft and build ing assets.

> The extraordinary charges included E128m for redundancy payments for 1981-82, when staff numbers fell 18 per cent to 42,012, and a provision of about €70m for redundancy costs of 7,000 planned job losses in the 1982-83 financial year. This would have taken the total

> King's target of 35,000. The current total staff at British Airways is, however, still above Sir John's target. It is estimated to be

staff down to chairman Sir John

Shareholders probe **Barclays policies**

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

BARCLAYS BANK is spending why can't you?" asked the share-£4.5m a year on its Saturday morning branch opening scheme. This was disclosed last week by Mr Timothy Bevan, chairman of the bank, in response to questions from a shareholder attending the annual general meeting in London.

Mr Bevan refused to comment on the profitability of the scheme, which was started last August and involves the opening of 400 branches on Saturdays. He termed the programme a "success" how-

The Barclays Bank board came under fire from shareholders on a number of issues, ranging from the question of why the bank does not offer interest-bearing current ac-counts to its international loan exposure and its involvement in

South Africa and Namibia.

One shareholder pointed out that Barclays acts as a clearer for the new cheque account offered by merchant bank Robert Fleming and Save and Prosper. "If they can do it

Mr Bevan replied: "The short answer is they haven't got 3,000 branches and staff to maintain and Commenting on Barclays' over-

seas loan exposure (the bank said its total cross-border exposure was less than 10 per cent of its £59bn group assets), a shareholder urged the Barclays board to "take a little

debt provisions would show a downturn on last year, but said it was possible that more companies would fail even as the UK emerges from recession.

Several shareholders asked Barclays Bank to close down its bank branches in northern Namibia, which they said were servicing South African troops, now occupying the territory illegally under

Bankruptcies increase

BY JAMES McDONALD

THE number of bankruptcies in England and Wales in the first quarter of this year rose appreci-ably compared with the last three months of 1982, according to figures published in British Business, the official journal of the Departments of Trade and Industry.

Company liquidations showed a slight rise in the first quarter of this year compared with the previous

On a seasonally-adjusted basis, total company liquidations rose over the two quarters by 2.5 per cent to reach a new peak of 3,240. compared with a revised estimate of 3,160 liquidations in the final quarter of 1982.

Compulsory liquidations rose from 990 in the fourth quarter of 1982 to 1,040 in the first three months of 1983, while creditors' voluntary liquidations rose over the same period from 2,170 to 2,200.

Rents slow to reflect recovery

RENTS for UK industrial property will continue to decline in real terms throughout the remainder of 1983 but should slowly recover next

If they do rise, it will be the first time they have shown any real growth for five years and by the end of 1982.

The forecast comes from Hillier Parker May & Rowden, the estate igents and surveyors, who say that while industrial output may finally be picking up, it could be up to a year before rents for industrial property reflect the improvement.

The agents say that, after taking inflation into account, industrial rents have been falling for about 31: years - longer than the previous de-cline recorded during the slump of the mid-1970s. They now stand at their lowest inflation-adjusted level for more than 15 years.

According to Hillier Parker: The takers of new industrial property, which include non-manufacturing users in distribution and services. are fairly insensitive to rent and are not likely to be attracted to the vast quantity of old buildings stand-ing vacant. So rental recovery could come, but not for some months and not to a dramatic extent."

Recent surveys suggest that the record stockpile of vacant industrial space in the UK is in excess of 175m sq ft, although the rate at which the total has been growing has recently



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By David Churchill, Consumer Affairs Correspondent

THE Financial Times Grocery Prices Index rose sharply in April | nal of the Conservative Bow Group, after several months of only margi- in a strong attack on his record. The April index stood at 150.25

compared with 148,27 in March. The last time the index increased by a the Government's greatest failures similar proportion was last autumn. | has been in the area of law and or-The reason for the jump in April der." was almost entirely due to higher fresh produce prices in the 25 stores included in the price survey which

goes to establish the monthly index. The fresh fruit and vegetables section of the basket rose in cost from £299.57 in March to £330.28 in April. Such an increase probably reflects the fact that early season supplies of home-grown produce were not yet widely available in the stores in the FT survey.

However, since the prices were monitored in late April, trade sources indicate that fresh produce prices have fallen.

The FT Grocery Prices Index is compiled from a list of more than 100 food items monitored each month in some 25 stores throughout the UK. The stores range from large superstores to small village

The index, however, is meant only as a guide to trends in food prices and should not be taken as an absolute indicator of price levels.

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The FT Grocery Prices Index is copyright and may not be repro-duced or used in any form without consent. All inquiries should be made to Lucinda Wetherall at the Financial Times.

• Food manufacturers experienced a "difficult" year in 1982 according to Mr Ronald "Tug" Wilson, presi-dent of the Food Manufacturers' Federation.

Mr Wilson, writing in the Federation's annual report, says that "prof-itability remained depressed with margins bumping along at little better than 4 per cent." He also said the food market in general was static while food prices lagged behind the inflation rate.

Meanwhile, Dr John Beaumont of the Institute of Grocery Distribution told yesterday's session of the institute's annual conference that ras to go round. there were a number of growth op-

Food index Tory group calls for Whitelaw to leave Home Office

BY PETER RIDDELL, POLITICAL EDITOR

MR WILLIAM WHITELAW should The main themes of the article be switched from the Home Office are that Mr Whitelan's presentaafter the next election, says the spring issue of Crossbow, the jour-

Crossbow echoes the tone of more overly hard-line Conservative groups and argues that "one of

It says the issue has now become bound up with Mr Whitelaw's per-sonality and demands: "In the event of the Conservatives winning a fresh mandate at the next general election. Mr Whitelaw's switch to another department must be a matter of high priority." A change towards a "more abra-

sive approach to crime" is urged.
"In essence, it is a case of replacing a Prior by a Tebbit," says Crossbow. This does not represent the Bow Group's collective opinion but the ess of the tone underlines how far the group has moved from its days in the 1950s and 1960s as a predominantly moderate and "liberal" body, especially on social and home affairs issues.

ease about Mr Whitelaw's record has become quite widespread in the Right, both trying to get their Conservative Party

Election guessing-game

BY PETER RIDDELL, POLITICAL EDITOR

THE dates of the Wimbledon tennis most-mentioned date, despite some championships and the World Cricket Cup have become ingredients in the pot of election speculation along with the Williamsburg economic summit and the Stuttgart European Council.

Westminster pundits have pointed out that an election on Thursday

The Labour Party is staking half June 23 would clash with the first week of Wimbledon and the climax of the World Cricket Cup so that the BBC might not have enough came-

tion has been wrong and that the departmental view of the Home Office is excessively liberal and too

It says: "Voters are looking to Government to bring about a change in attitude towards treating crime. This means elevating the feelings and fears of the victim above that of the criminal.

concerned with the criminal rather

"A future Conservative Government imbued with a fresh mandate should focus attention on an issue which to many people occupies as much attention as the economic issues which have of necessity predominated during this Government's first term."

 Mr Tony Benn, Labour's leading left wing MP, is likely to be selected for a constituency in Bristol, the city which has been his power base and has returned him to Westmin ster for more than 30 years, writes

Next weekend the local Labour Party will select candidates for three Bristol constituencies which have been redrawn by the Bounome affairs issues.

dary Commission. The selection is against a background of bitter struggle between the Left and the

approaches its climax

In the absence of firm evidence or of a Prime Ministerial decision ~ no factor is apparently irrelevant enough to ignore.

hedging on the 9th and 16th. The election must be held by May 1984. Mrs Thatcher is expected to announce her intentions in the next 10

days. She is under considerable pressure to make an early statement in view of what is seen as a damaging period of uncertainty. She is due to discuss the issue with senior advisers at Chequers on Sun-

its campaign funds on an early gen-eral election. About £200,000 will be spent in the next lew days on a series of advertisements in the high-cirras to go round. culation popular newspapers, and a Nevertheless, June remains the further £100,000 is to be handed favourite month and the 23rd the over to constituency parties

fire costs fall 15% in quarter

FIRE DAMAGE costs in March fell by more than £8m to £24.9m, according to figures issued yesterday by the British Insurance Association.

This cost was more than £16m below the damage costs for March last year and brought to-tal fire damage costs in the first quarter of 1983 to £95.5m more than 15 per cent lower than damage in the first quarter of last

There was only one major fire in March where damage exded £1m - the fire at the London Co-operative Society's gen-eral department store at Blord.

There were seven more fires where damage in each case was at least £250,000, compared with the average of around 12 such fires a month.

Airport freight traffic up 65%

A 65 per cent increase in airreight carried is reparted by Mr Eric Dyer, director of the East Midlands Airport at Castle Don-

ington, near Derby.

More than 7,500 tonnes of cargo and mail were moved, and in the same eight-month period al-most 300,000 passengers used the terminal, an increase of 17.5 per

1,800 miners go back to work

A TRUCE has been called in a strike by 1,800 miners at Shire-brook Colliery, North Derbyshire, who have agreed to return to work today. If a meeting with the National Coal Board today does not settle their grievance they will resume their two-day

strike immediately.

The men walked out when six miners were moved from development work on to production work on the coal lace.

Stepping East

THE footwear firm Allen and 77,000 sq ft of office space and some ground-floor shop units. Caswell, of Kettering, Northants, has won a £250,000 order to sup-ply men's quality shoes to Middle East countries. The sale represents one of the largest property deals recently seen derlines the group's continuing in the City and comes at a time switch away from property.

Damage by UK's new heavy lorries make cautious start

INTERNATIONAL baulage operators and carriers of industrial products such as bulk liquids, gases and steel are investing heavily in new 38-tonne lorries, which became kegal in the UK on Sunday.

Most of British industry, however, has responded to the new lorry weights with a "wait and see" at-titude, in spite of years of lobbying for heavier lorries.

High on the list of reasons for industry's lack of enthusiasm is the state of the economy and the difficulty of the road haulage industry in raising its charges.
Figures from the Freight Trans-

port Association show an increase in commercial vehicle operating costs for the year to March 1 of 8 per cent, while road haulage rates rose about 3.5 per cent.

The figures for costs relate to the period before the new rates of vehicle excise duty were announced in the March budget, when duty on heavier lorries was increased by up to 26 per cent.

The Government said it would make heavier lorries pay their share of road maintenance costs. but the haulage industry was unpleasantly surprised by the steep-

the two-axle tractor and three-axle trailer 38-tonne combination, which causes heavier wear to the roads.

THE HAMBRO LIFE property

funds have paid about 520m for the

long leasehold interest in Broad

Street House, the major City of

The building has been purchased

from Trafalgar House Develop-ments and the deal represents the

biggest single property purchase made to date on behalf of Hambro's

property and property pension funds. The combined value of the

two funds now stands at around

Broad Street House contains

London office block.

Hambro buys in City

Many operators, however, point out that the cost benefits of heavier after taking into account higher du-

Mr Clive Beatty, managing director of Tankfreight, part of the National Freight Consortium, says costs will drop "between 6 and 8 per cent." Tankfreight is spending 64.5m in bringing one fifth of its fleet up to 38-tonne capacity to carry loads such as gases, beer and

waste materials. Mr lan Dallison, manager of inland transport for British Steel Corporation, estimates a "net cost per tonne benefit of 6.5 per cent." The fleet at BSCs plant at Shotton is taking delivery of 10 three-axle trailers designed by Crane Frueh-

We are also encouraging the hauliers we engage for the bulk of our deliveries to invest in heavier lorries," Mr Dallison says.

International operators, large and small, have been waiting for the opportunity to compete more effectively with their European Con-tinental counterparts, where higher limits have been permitted for several years.

trailer and three-axle tractor is just under £3,000, against £2,300 for a 32.5-tonne lorry. It is over £3,000. Ferrymasters took delivery at the Line will be bringing in 300 threeaxle trailers this week and an-

when investment interest in proper-

ty has been weak. Modern, central-

ly located office premises have con-

tinued to find buyers, however, and

Broad Street House is just such a

Hambro is not disclosing details

of current income from the six-year-old, air-conditioned building,

which is fully occupied by tenants such as Midland Bank Finance, the

Bank of Scotland and Manufactur-

ers Life Insurance. The remaining

lease is thought to run for about 120

years and the freeholders are the City of London Corporation.

For Trafalgar, the sale un-

Cowan Brothers (Haulage) based in Felixstowe, Suffolk, is converting lorries are still considerable, even ball its 12-vehicle fleet to 38 tonnes. More than two-thirds of Cowan's

Most of British industry is reacting more cautiously. The Department of Transport has received only 1,683 applications for licences to permit existing lorries to plate up to

the 7,600 a year 38 tonne lorries which will come on to the road in the next five years, according to the prediction of the FTA.

A sales boom at least in the near future, is unlikely for the truck manufacturing industry, which is showing only faint signs of recovery from its worst recession for 30 years. In the first quarter of this

two thirds of the level in 1979.

Instead, those moving to the higher weight were opting for trailers fitted with three axles.

business is distribution of containerised traffic brought in through

That is only about one quarter of

year heavy truck sales were only

Leyland Vehicles, BL's truckmaking division, is to introduce a threeaxle version of its T45 Roadtrain in the late summer.

Leyland said at the weekend, however, that after talking to sever-al thousand operators, it had found only a small proportion planning to move to the higher weight, and an even smaller proportion planning to operate tri-axle tractors.

FT publishes Mergers and **Acquisitions**

9

THE FIRST issue of the 1983 edi-tion of Financial Times Mergers and Acquisitions, the quarterly Citmulative publication which records all mergers, acquisitions and buyouts that have appeared in the FT. has been published by FT Busi-

ness Enterprises.

Each entry lists the names of the bidder and target company together with their industry sector, the price paid for the acquisition (where available) and the date on which the articles appeared in the Finan-

Edited by Mr Philip Healey, the annual subscription rate is £85 (UK) or £95 (overseas) and the publication is available from Bracken House, Cannon Street, London

Stores bring in new computers

By Our Consumer Affairs

TWO leading British and American retail chains - Marks and Spencer and J. C. Penney - are to re-equip their stores with new sophisticated NCR computer compment.

Marks and Spencer has placed a £3.5m, order with NCR for 267 micro-computers to be located in every one of its UK stores. In the U.S., the J. C. Penney chain is buying NCR's sophisticated point-of-sale electronic checkouts

for 1,000 of its smaller stores.

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By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANG



Speedlink have just designed a distribution system that's more than just a train.

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in the case of the

together was by going into partnership with specialists in warehousing,

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(Incidentally Premier Transport, Isis-Link, Transmode Ltd and other road hauliers are

as enthusiastic about Speedlink Distribution as we are).

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reactor challenged

THE National Coal Board (NCB) of central planning, did not believe has cast doubt on the economic case that supplies of steam coal would be advanced for building Britain's first limited by potential new markets rised water reactor at Size-

the belief that the price of coal and oil will increase significantly during

The NCB is not openly opposing the nuclear power plant and is merely presenting an alternative view at the public inquiry of the prospects for fassil finel prices and coal supplies. The state-owned coal. group said it believes there will be plentiful supplies of low-cost coal for the foreseeable future.

Mr Michael Parker, NCB director main low.

for cost in synthetic production of

well on England's east coast.

The Central Electricity Generating Board (CECFB) has built its economic case for Sizewell B largely on combustion markets of which powers. er stations were the major part. They would therefore have first on supplies of steam coal, he

The coal glut during the past year had been the result of overstocking and low electricity demand. Supply was expected to exceed demand for at least another 10 years.

There were also international

N. Sea boom expected

THE oil and gas industry is gearing last week by Total for the "topsides" up for another North Sea boom after tax relaxation in the 1983-84 commodation and drilling platform

Houston, Texas. ● Elf UK has completed the CL45m se of Haoma UK's onshore oil and gas licence interest • The contract awarded to Foster Wheeler Petroleum Development

was worth £10m (sterling) and not budget, Mr Hamish Gray, Energy was worth £10m (sterling) and not budget, Mr Hamish Gray, Energy was worth £10m (sterling) and not 510m as erroneously reported in shore Technology Conference at Friday's Financial Times. Although a subsidiary of the U.S. internation al engineering giant, the London-based company points out that it is classed by the Department of Energy's Offshore Supplies Office as a

Coal-price case for | Government aid for computers

£200m backing a research pro-gramme into advanced information

gramme into advanced information in technology and a new generation of super-computers for the 1990s.

The programme, costing £35km over five years, will be the largestever single collaborative research effort in the UK involving private companies, academic institutions and government research organisa-

Mr Patrick Jenkin, Industry Secretary, said the programme would pave the way for British information technology to be sold in competition with the rest of the world. The task is beyond the resources of any single enterprise," he said: The decision, announced last

week, is the response to recommendations made last year by an influ-ential committee of academic and industry scientists, chaired by Mr. John Alvey, British Telecom's tech-nical director. The Government has acc

the recommendations but has cut its own contribution from the 2250m suggested. The Government says if the programme does not se-cure sufficient industrial commitment it could become divorced from industry's needs.

A programme of collaborative re-search is to be conducted into the

Unions put lobbying in place of strikes

By John Lloyd, Labour Editor

BRITAIN'S unious have all but renounced industrial action as a mems to achieve long-term indus-

means to achieve magnerial mana-trial and political goals.

They favour instead the classic techniques of lobbying pressure and propaganda which hitherto have been the preserve of special-

interest groups.
This crucially important tectical shift became clear in a week which saw the launch of the Elen cam-paign by the National and Local Government Officers' Association against government cuts, the stepagainst government cuts, the step-ping up of the telecommunication unious campaign against privatisa-tion and the reconstitution of an en-larged. Triple Alliance of coal, steel and rail unions with a prosupport for the basic industries.

(SERC). The directorate will report In each case, industrial action is to a supervisory board of industrialexplicitly or implicitly downgraded as a tactic of last resort. The unions now recognise that they have a macome from funds already allocated to three departments. The Defence
Ministry will spend £40m, the Education Department £50m through
the SERC and the Industry Departjor task to convince both their members and the public of the case for fundamental Labour mew principles of support for the public services, government intervention and the fight against unemploy

They also believe that they should stress these themes in the should stress these themes in the run-up to a possible general election. Speaking after the Triple Alliance meeting. Mr Jimmy Knapp, the new general secretary of the National Union of Railwaymen airaid of kicks in the ballot box."

The coal, steel and rail unions in particular have all experienced sharp, and sometimes dramatic, loss of membership support for industrial action in opposition to closures and cutbacks. The mine-point plan agreed by the anions proposes instead a Nalgo-style propaganda campaign, lobbying of Parliament and increased educational work.

The Alliance has been broadened from its original membership of three - the National Union of Mineworkers (NUM), the Iron and Steel Trades Confederation (ISTC) and the National Union of Railwaymen (NUR) - to include the train drivers union Aslef the rail staff union TSSA, the National Union of Blastfurnacemen and the coal deputies' union Nacods.

Fewer tourists

four main areas of advanced infor-mation technology suggested by the Alvey committee. These are:

Software engineering. The deve

opment of better ways to instruct computers. Britain has good soft-

ware skills but needs to develop

said commercial success would

come to those who could make com-

Intelligent knowledge-bas

plex computers truly acceptable to

tems. The transference of intelli-

ence and knowledge to computers.

Very large-scale integration. The

cram together components needed

in the new generation of computers.

The Government is setting up a directorate in the Department of Industry to co-ordinate the programme under Mr Brian Cakley.

currently secretary of the Science and Engineering Research Council

red microchips which can

BRITAIN achieved a £20m surplus on its travel and tourism in plus on its traver and this year, the first two months of this year, compared with a £33m surplus in compared with a £33m surplus of the corresponding mouths of 1982, according to Trade Depart-

During January and February the UK had 1.28m overseas visitoes, 7 per cent fewer than in the corresponding months last year, but they spent 4 per cent more at

Visits abroad by UK residents, at 1.79m, were 2 per cent fewer but they spent £355m, 9 per cent

January and February however, are not representative months. In money terms Britain is now more attractive to U.S.



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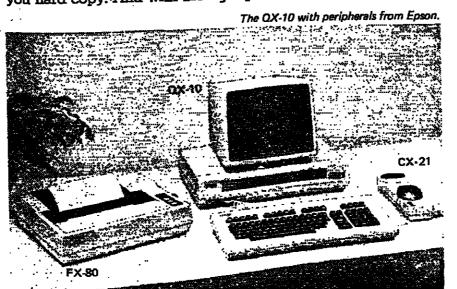
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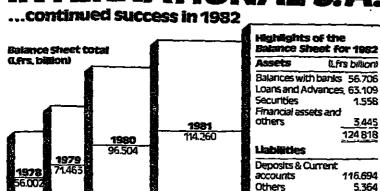
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In 1982, its eleventh year of activity in the Euromarket, HYPOBANK INTER-NATIONAL S.A., Luxembourg, continued its favorable development, increasing the balance sheet total by 9% to Lfrs 125 billion (US\$ 2 589 billion). The Bank maintained its strong position in the Eurocurrency market. The loan portfolio grew by 16%, accounting for considerably more than half

of the total assets. Services to private customers in the areas of deposits. securities, precious metals and investment consulting were

strengthened substantially. At yearend, capital was unchanged at Lfrs 1565 billion. Total net worth, general provisions and the subordinated loan amounted to Lfrs 3.836 billion (US \$

2.760

124 818

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port please contact us at: 37, bd. du Prince Henri, P.O. Box 453 1-1724 Luxembourg Telephone: 47.75-1,

Cowley faces vital decision on joint venture with Honda

EINANCIÁL TIMES DEDORTER

Cowley, may be taken next Tues-

until later in the year."

Mr Harold Musgrove, Austin

Rover's chairman, says he is keep-ing his options open. The choice is expected to be between Cowley and Longbridge but he admits Cowley When the Austin Rover board

under way. The peace formula gives them un-til May 27. If they fail to agree by then, national officials will be called

decide their next moves.

by Lloyd's to curb **syndicates** Mr David Buckle, the Transport and General Workers' Union

By John Moore, City Correspondent

NEW rules designed to prevent insurance syndicates in the Lloyd's market from accepting more business than their capital backing can support have been announced by the Lloyd's au-

The move is designed to stamp out overtrading in the market by syndicates and to prevent heavy losses from falling on wealthy in-dividuals who pledge capital to allow the Lloyd's market to func-

An early-warning system is to be introduced to detect potential overwriting on an underwriting account. Lloyd's central services will regularly monitor the amount of insurance, premiums accepted by syndicates and will examine projections for likely business volumes which will be based on a formula.

In the past, the amount of business which syndicates can accept has been based on twice the capital supporting the syndi-cate after deduction of reinsurance premiums paid out.

Anomaly that leaves some intermediaries outside legal control

Insurance Brokers' Association—held in Bristol last week—concerned the anomalous struation under which insurance brokers are subject to the statutory control of the Insur-ance Brokers (Regulation) Act 1977, while all other insurance intermediaries are subject to no

authoritative control.

Under this Act, intermediaries wishing to trade as insurance brokers have to meet certain standards of education and expertise. They must also conform to certain financial

conform to certain maincrait standards and must display great integrity in dealing with their clients by conforming to the legal code of conduct.

Control is exercised by the Registration Council, set up under the Act, most of whose members are insurance brokers.

Thus brokers have a statutory Thus brokers have a statutory self-regulatory system, with the authoryties maintaining a watching brief through members appointed by the Department of

However, anyone can operate as an insurance intermediary outside the scope of the Act, provided he or she does not use the title of insurance broker. Intermediaries not wishing to register must use a different trade description—the most trade description—the most common of which appears to be insurance consultant.

Mr A. V. Alexander, chair-

man of the brokers' association, said at last week's conference there was still an overwhelming case for effective self-regulation of insurance brokers, rather than complete government control, in spite of the recent events at Lloyd's of London, the insurance market. However, self-regulation was impracticable as long as the present situation existed. Mr Alexander

added.

The events that led to the anomaly of statutory control were described by Sir Denis Marshall, chairman of the Registration Council's disciplinary committee and immediate past president of the Law Spriery.

A MAJOR theme at this year's and agents of main insurance annual conference of the British companies.

and agents of main insurance companies.

The White Paper indicated that only registered insurance brokers would be able to operate as independent insurance intermediaries subject to self-regulation. The other two classes would be agents operating under, and controlled by, insurance companies which would be fully responsible for their agents. But the government intention had not been implemented, apart from that concerning the registration of insurance brokers, Sir Denis said.

said.

The insurance companies showed little interest in the proposals when the White Paper was published and apparently some are still as impassive.

Mr Francis Perkins, chairman of the Insurance Brokers Registering Council told delegates.

of the Insurance Brokers kegis-tration Council, told delegates that many intermediaries were still trading as insurance brokers even though they had not registered. They were thus in breach of the Act. either wilfully or through ignorance. Mr Perkins accused insurance companies of "tacit support" for those intermedi-aries illegally describing themselves as insurance

brokers. The council was already spending substantial sums and considerable time on correspondence with these intermediaries, sometimes with no effect. Mr Perkins had no doubt that prosecutions would follow in all

appropriate cases.

Mr Alexander referred to the dangers of this lack of control over a large sector if insurance sales. The non-registered intermediary dealt mainly with the insurance and savings requirements of private individuals. People were thus being dealed the safeguards provided by

registration.
There seems little likelihood the authorities will heed the warnings made at the association's conference, whether the Conservatives or Labour win the next election.

Law Society.

The present Government is
He reminded delegates that a
White Paper published in 1977 dom and is against unnecessary dom and is against unnecessary controls. The Labour Party is by the previous Labour Government envisaged only three classes of persons being permitted to sell insurance— an insurance industry through permitted brokers; insurance directly responsible to Parliament.

(TGWU) district secretary said: "I hope the management is not going to hold the sword of Damocles over

the heads of the workers at Cowley

by threatening to withdraw invest-ment or withhold work from them.

The issues of the six minutes and audited plant status should be

settled in isolation from other mat-

During the strike Mr Musgrove

warned that a prolonged stoppage would jeopardise future investment at Cowley. The company would in-

vest in factories only where it could

be assured of production.

Austin Rover is committed to

spending another £50m at Cowley.

but the XX project will involve an outlay of more than £200m.

The LM11, the next model in the

new range launched at Cowley in

March, is due to go into production

A DECISION on whether British Leyland will build the new execu-tive car, planned with Honda at

An Austin Rover spokesman said: I cannot confirm that the XX (code name for the new car) will be dis-cussed, but it is possible there could be a recommendation on the manufacturing location.

"If there is any recommendation, it will have to be ratified by the board of BL. But we do not have to decide where the car will be built

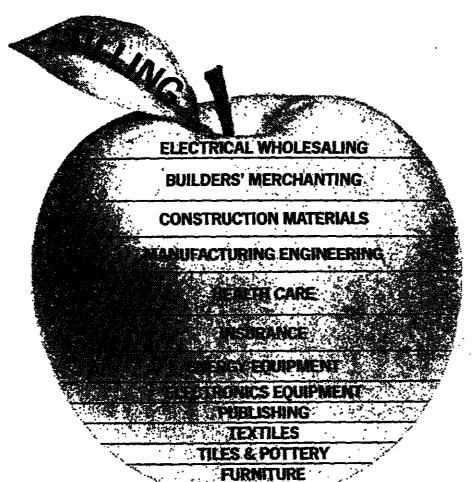
was the favourite before the monthlong cleaning-up time strike. next meets, the management and union talks aimed at settling differ-ences in the assembly plant will be

in. If the issues are not then resolved, both parties will be free to

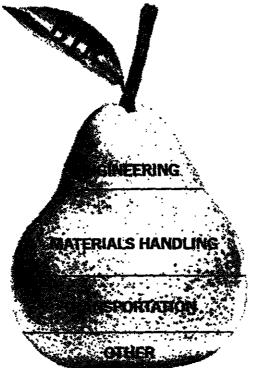
this year.

• At Ford's car complex at Halewood, Merseyside, management and union officials will meet separately today to discuss the decision reached by the National Joint Negotiating Committee on Friday to set up a working party to study effi-ciency plans at the factory.

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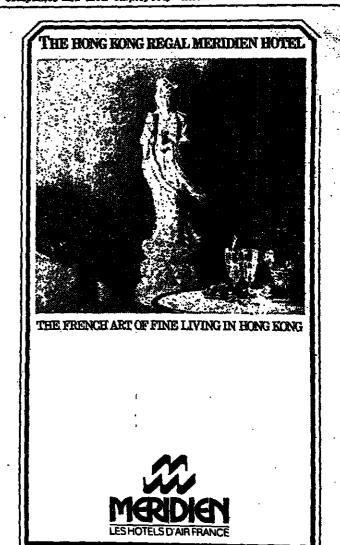
BTR's Managing Director has been reported as admitting that he does not know much about the individual companies that make up the Tilling empire.

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The directors of Thomas Tilling pic (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.



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FINANCIAL TIMES COMMERCIAL LAW REPORTS

Husband's gift to Isle of Man wife taxable

GUBAY v KINGTON: (HM INSPECTOR OF TAXES) Court of Appeal (Sir John Donaldson, Mr Lord Justice Dillon and Sir Denys Buckley): April 15 1983.

A HUSBAND who actually resides in the UK for only part of a tax year is resident throughout the year for tax purposes; and if, while resident, he makes a gift to his wife who is non-resident, capital gains tax is as-sessed on the basis that husband and wife are separated, though in

fact they are not.

The Court of Appeal so held by a majority when dismissing an appeal by Mr Albert Gubay from Mr Justice Vinelott's decision that the Special Commissioners were right to uphold a capital gains tax assess-

ment in respect of gifts of shares made by him to Mrs Gubay. Paragraph 20 (1) of Schedule 7 to the Income Tax Act 1965 provides:
If ... in the case of ... a married woman living with her busband, the man disposes of an asset to the wife ... neither a gain nor a loss would accrue to the one making the

Section 45 (3) of the same Act proin some circumstances be treated vides: ... a married woman living with her husband should be cond in accordance with section 361 (1) (2) of the Income Tax Act

Section 361 of the 1952 Act has been replaced in identical terms by section 42 of the Income and Corporation Taxes Act 1970 which provides: "(2) Where a married woman is living with her husband and either - (a) one of them is, and one of them is not, resident in the UK for a year of assessment ... the same consequences shall follow ... as would have followed if, throughout the year of assessment, they had been in fact separated.

SIR DENYS BUCKLEY, dissenting, said that Mr and Mrs Gubay were resident in the UK until April 4 1972. Mrs Gubay then ceased to be resident throughout the year of as-

Mr Gubay continued to reside in the UK until October 28. From April 4 to October 28 he made frequent visits to Mrs Gubay in the Isle of Man, where she then resided At all relevant times Mr and Mrs-

Gubay were living together in the common acceptance of that ex-On July 7 Mr Gubay transferred

to his wife a gift of 479,638 shares of Kwik Save Discount Group. That disposal gave rise to a claim for tax.

Since section 45 (3) of the 1965 Mr Gubay was assessed to £7.25m capital gains tax for the year

The Special Commissioners affirmed the assessment, but agreed a reduced sum of Cl.4m. Mr Gubay By virtue of section 20(1) of the

Income Tax Act 1965, capital gains tax was chargeable in respect of any capital gain accruing to a per-son in a year of assessment during any part of which he was resident or ordinarily resident in the UK.

Mr Gubay was ordinarily resident in the UK during part of 1972-73 and accordingly was liable to capital gains tax in respect of the disposal if it gave rise to a chargeable gain. That it did unless the case fell within paragraph 20 (1) of

Schedule 7 to 1965 Act.
Subject to section 42 (2) of the Income and Corporation Taxes Act come and corporation laxes Act 1970, Mrs Gubay was "a married woman living with her husband" in 1972-73 within paragraph 20 (1). Section 42 (2) enacted that no-twithstanding that a woman was living with her husband, she should

as if she were not. The sub-section gave no guidance as to how a "married woman living with her husband" was to be inter-preted. It followed that no part of section 42 (2) had any bearing on

the present case.

So Mrs Gubay was "a married woman living with her husband" and the disposal must be treated as having been made neither at a loss nor for a gain. In his Lordship's view, the appeal should be allowed.

LORD JUSTICE DILLON, giving a majority judgment, said that Mr Gubay's first point was that as section 45 (3) of the 1965 Act provided that "a married woman living with her husband' should be construed in accordance with "section 361 (1) (2)" of the 1952 Act (now section 42 (1) (2) of the Income and Corpora-tion Taxes Act 1970), the effect was merely to import section 42 (1) into the capital gains tax legislation, and not sub-section (2). Section 42 (1) provided that a

for income tax purposes as living stances the same consequences ment would dismiss the appeal.

Act expressly referred to sub-section (2) as well as sub-section (1), a married woman was, for capital gains tax purposes, not "living with" her husband if she was actually separated from him, or if she was treated as separated under section 42 (2) (a) or (b).

Mr Gubay's first point was therefore rejected.

His second point was that if section 42 (2) applied, then it only did so where one spouse was resident in the UK for the whole year of assessment, from April 6 to the fol-lowing April 5.

The question was whether in sub-section (2) (a) "resident in the UK for a year of assessment" meant resident throughout the whole year, or resident for tax purposes for the year, i.e., resident in any part of the

On the natural meaning of the words it was enough if one spouse was resident for part of the year. If not resident in the UK for a year of assessment" meant non-res ident throughout the whole year,

there could be anomalies. Unless there was a year of as-sessment throughout which one spouse was resident and one was continually non-resident (a) would

ment" meant resident for tax purposes for that year, i.e., resident for

any part of the year.
In the context of a fiscal statute the expression "resident in the UK for a year of assessment" was a natural way of describing a person who had the status for tax purposes of being so resident.

It therefore included the person resident for part of the year. If the draftsman had intended only to demarried woman should be treated scribe a person who was resident in the UK throughout the whole of the with her husband unless they were year of assessment, he would natuseparated. Sub-section (2) then pro-rally have said "resident in the UK vided that in certain other circum- throughout the year of assess-

SIR JOHN DONALDSON, agreeing, said that parliamentary counsel made the task of statutory inter-"section 361 (1) (2)" in section 45 (3) of the 1965 Act invited the reaction that there must be a typographical omission between (1) and (2). The fer to factual residence, it would

strue "a married woman living with was required for the whole or only her husband" in accordance with part of the year. both sub-sections (1) and (2).

be a status or a fact. Where it was a pretation more difficult on some oc-casions than others. A reference to not enjoyed for a whole tax year. Where it was in fact, it could be for any fraction of a tax year. If the statute was intended to re- tor).

For those reasons his Lordship Parliament's instruction was to con-whether residence or non-residence

What was referred to was status Being resident in the UK might as a resident for fiscal purposes. For Mr Gubay: J. Holroyd Pearce, QC, and Robert Venables (Rooks, Rider & Co.) For the Crown: Robert Carn-

wath (Inland Revenue Solici-By Rachel Davies

Hague-Visby Rules override exclusive jurisdiction clause

THE DJATIANOM; THE BENARTY Queen's Bench Division (Admiralty Court): Mr Justice Sheen: April 26 1963

under the contract should be brought in Djakarta.

The cargo-owners contended that clause 33 of the bill of mean the same in every country which enacted the convention.

In the Morriken [1983] I Lloyd's than a narrow literalistic construction.

In that case Lord Diplock said at page 7; "If the dispute the mount of the proceedings which WHERE A bill of lading incorporates the Hague-Visby Rules and also contains a clause providing that the court of a particular country shall have exclusive jurisdiction to hear disputes arising the courter of Carriage from the contract of carriage, the clause shall be null and void in respect of an action against the carrier if, by the law of that country, the limit

not apply at all.

Even if (a) did apply for one year of assessment, it would cease to apply for the following year, if, for example, the spouse who had been resident ceased to be resident in the course of the following year of assessment, as Mr Gubay did in October 1972.

Those anomalies were avoided by the construction for which the Crown contended, viz. that "resident in the UK for a year of assessment" meant resident for tax purposes for that wear in the UK for a year of assessment.

of his liability would be lower than that provided under the

charterers.

Article III rule 8 of the Hague-Visby Rules, as set out in the Schedule to the Carniage of Goods by Sea 1971, provides: "Any clause... in a contract of carriage relieving the carrier or the ship from tiability for ... damage to .. goods or lessening such liability otherwise that as provided in these Rules, shall be null and void and of no effect ..." charterers,

effect ... Article VIII provides: " these Rules shall not affect the rights and obligations of the carrier under any statute . . . relating to the limitation of the liability of owners of sea-going

HIS LORDSHIP said that in HIS LORDSHIP said that in 1979 various cargoes were laden on board Benarty in British and continental ports, all destined for Indonesia.

Rills of lading were issued by the charterers who were the carriers with whom the contract of carriage was made. Clause 2 of the hills of lading incorporated the Hague Rules. Clause 33 provided that all actions under the contract of carriage should be brought before the court at Djakarta "and no other court shall have juris-

On December 19 1979 Benarty encountered heavy weather near Usbant, and her cargo was dam-aged. At Brest and at Antwerp

aged. At Brest and at Antwerp the cargo was surveyed and repairs were carried out to the ship.

On January 5 1982 two writs were issued on behalf of the cargo-owners. One was a writ in rem against a ship owned by the charterers. The other was a writ in personam in which the owners of Benarty and the charterers were named as were named

defendants.
The court was now moved for The court was now moved for an order that those proceedings be stayed on the grounds that the contracts of carriage contained an exclusive jurisdiction clause providing for all actions to be brought in Djakarta; and on the grounds that Djakarta was the most appropriate and convenient forum.

The first question was whether the contract of carriage con-

the contract of carriage con-tained a valid and effective clause providing that all actions

New Issue

in the Morviken [1983] I Lloyd's Rep 1.

In that case Lord Diplock said at page 7: "If the dispute is about duties and obligations of the carrier or ship ... and it is established ... that the foreign court ... would apply a domestic substantive law which would result in limiting the carrier's liability to a sum lower than ... if the Hague-Vishy Rules applied, then an English court is ... commanded English court is . . . commanded by the [Carriage of Goods by Sea Act 1971] to treat the choice

of forum clause as of no effect." The limit of hability under Indonesian law was substantially lower than the limit of liability provided in the Hague-Visby Rules and applied in the UK. If the actions were stayed in order that the claims might be brought in Indonesia, the cargo-owners would recover substantially less than they would in England

What had to be considered was in Indonesia would be to "lessen

in indonesia would be to "lessen liability otherwise than as provided in these Rules" within Article III rule 8.

Mr Clarke, for the charterers, contended that the right of a charterer to limit his liability was expressly preserved by was expressly preserved.
Article VIII of the Rules.

The English statutory proviexplained by Lord Justice Brandon in the Penelope II [1980] 2 Lloud's Rep 20. Their effect was that in respect of a forum to whose jurisdiction they single claim a defendant might by way of defence plead his could be done at substantially right to kimit his liability. In less inconvenience and expense respect of several claims the than in Djakarta; and whether respect of several cisims the than in Djakarta; and whether shipowher or charterer must a stay would not deprive the commence a limitation action plaintiffs of a lightimate juriand obtain a decree which dical advantage which would be awailable to them in the Admiralty Court.

In each of the actions in the

In each of the actions in the present case there were no fewer than seven separate invoke a right to limit their liability in England, they must do so by way of a limitation action.

It was clear beyond doubt

that the Carriage of Goods by Sea Act 1971, incorporating as it did the Rague-Visby Rules, preserved by Article VIII of those Rules the right of the carrier to obtain a decree of limitation of liability. Any shipowner or charterer claiming such a decree in the UK could rely only upon the English Mer-

chant Shipping Acts. Mr Falconer, for the cargoowners, submitted that "statute"
in Article VIII must mean an
English statute. He said the
philosophy underlying the
Carriage of Goods by Sea Act
1971 was to sweep aside all concept of "proper law" and bring
about some uniformity as to the
law among maritime nations.

Mr Clarke advanced powerful
arguments against that submission. He pointed out that the

arguments against that submis-sion. He pointed out that the wording of Article VIII was that

were brought by agreement in a chosen forum might besubject to a limit of habitity however low, that would seriously undermine one of the purposes of the Hague-Visby Rules.

The maritime nations which agreed the Hague-Visby Rules must have intended that Article VIII should preserve those limits of liability agreed by international convention.

They could not have contemplated that the benefit to targoowners of the maximum monetary liability in Article IV (5) could be nullified by the simple device of inserting a chause providing that the exclusive forum should be a country whose law limited hability to a small or even nominal sum.

Since one must look at the substance of the contract, a clause in a contract of carriage by which the parties agreed to submit a dispute to the court of a country in which liability was less than that provided by the Merchant Shipping Acts, was a clause "lessening such liability otherwise than as provided in these Rules" and was accordingly of no effect.

For those reasons clause 33 of the bill of lading was held

For those reasons clause 33 of the bill of lading was held to be void and of no effect. The gext question was whether court that there was another forum to whose jurisdiction they were amenable, in which justice

stay would deprive the plaintiffs of substantial juridical advantages in that they would be able to recover higher damages in the English court; they could claims. There were at least seven plaintiffs with claims which had been joined in one writ as a matter of convenience. If the defendants wished to induce in the term of convenience were not normally allowed induces and there was a possi-Indonesia; and, there was a possi-bility that the Indonesian court would hold that the actions

On the basis that there was no effective choice of forum clause effective choice of forum clause a stay would not be granted because the plaintiffs were entitled to proceed in the juris-diction of the English court, and because a stay would deprive them of a very substantial juridical advantage.

If contrary to his Lordship's view, the choice of forum clause had been valid, he would, in the exercise of his discretion, have refused a stay on the grounds inter alia of the balance of convenience and close connections of the case with England.

By Rachel Davies Barrister

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Chairman designate of FMC

FMC has appointed Mr A. P. Humphries, as chairman. Because of other commitments, Mr Humphries cannot assume this appointment until August 1. The present chairman, Mr D. H. Darbishire, who had already announced his retirement on April 30, has agreed to remain in office until July 31. Mr Humphries is a director of FMC and of the NFU Development Trust. He was until recently deputy chairman of House of Fraser from which he retired on January 31. He remains a non-executive director of House of Fraser. Mr Humphries is a partner of Ernst and Whinney and is due to retire later this year.

Mr M. O. Birkett and Mr R. W. Brown have been appointed directors of PORTLAND directors MARINE.

The BRITISH GAS CORPORA-TION has appointed Mr Harding B. Bassett director international consultancy service at its head-quarters from June 1. Mr Bassett is director of engineering of West Midlands region.

Mr Samuel M. Smith has been made a director of GORDON NORTH (BUILDERS), Mr Smith is executive chairman of the Lee Beesley Group. *

Mr K. A. Ward, ALBRIGHT
& WILSON deputy managing director with responsibility for fluoring and supply director with responsibility for fluoring and administration, will retire on May 31. From May 1
Mr F. H. C. Podger will become

Mr John Beckett, chairman of

Mr Paul Lines has been appointed company secretary of PEACHEY PROPERTY CORP. He was group secretary of British Ever Ready.

Mr R. Wright will be appointed company secretary of OCEAN TRANSPORT AND TRADING from July 1. He is an executive director of OTT and takes over from Mr G. T. Evans, who is retiring due to ill-beath. Mr P. E. V. Hughes will become group solicitor but remain deputy company secretary. Mr Wright joined Ocean in 1950 and became a member of the main board in oned otes in 1300 and became a member of the main board in 1980. He will be retaining his responsibilities for the group's bulk shipping trades.

Mr Brian R. Baker has been appointed a director of MOBIL OIL COMPANY with responsi-

manager, finance), and Mr G. R.
James will become technical
director, a new appointment.
Currently Mr James is managing
director of the phosphates division and will be replaced by Mr
W. D. Adair.

the board of Associated Dairles
Group to release Mr Richard
Harker from his contract as
operations manager of Asda
corea (subject to certain legally
binding conditions) to join the
board of Woolworth Holdings as Stores (subject to certain legally binding conditions) to join the board of Woolworth Holdings as an executive director.

finance director, has been appointed UK chief executive of DUSSEK CAMPBELL—part of the coatings division of Burmah Speciality Chemicals. He joined the group in 1960.

Mr Edward Simons and Mr Harvey Goldsmith have been appointed to the board of HTN, an hotel television network com-pany. Mr Richard Calsley has

Mr James Edward Bywater and Mr Vivian de Mesquita have been appointed to the board of MASSEY-FERGUSON HOLD

At the annual general meeting of THE BRITISH PRECAST CONCRETE FEDERATION Mr President of Masseydent and Mr W. D. Mitchell vice-president.

resigned as deputy managing director.

Mr Frank Robinson has been appointed managing director of BRANTFORD INTERNATIONAL; Mr Derek Harring-

ton continues as chairman.

JOHN BROWN-EARL AND
WRIGHT has reorganised itself
at company management level. finance and administration, will islands.

Islands.

Islands.

Islands.

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Islands.

Islands.

The company reverts to a two-director organisation with Mr Mr F. H. C. Podger will become finance and administration director (at present he is general he has reached agreement with company technology, business

in care, witnesses—Mr Tony Newton. MP, and DHSS officials (room 21,

projects and company admini-stration. This reorganisation was prompted by Mr Duncan Westall's appointment as director of operations for John Brown Engi-neering and Construction in The Hague. Mr Westall held the deputy managing directorship of John Brown-Earl and Wright (formerly CJB-Earl and Wright) since its inception in 1973.

Mr Diso B. Panizzo has been appointed managing director of FIAT ALLIS GB from May 1. This is in addition to his present position as director of Fiat SpA, UK representative office,

Mr Ron Alien has been appointed director and technical manager of COROVAC, a company being established by the Coronet Group to design and manufacture a new range of vacuum assisted pumps for contracting and civil engineering applications. He joins Corovac from Millars Wellpoint International, Thetford, where he was engineering manager. engineering manager.

Mr J. Beechey, Mr J. How, Mr C. L. Napier and Mr P. M. W. Blake have joined and Mr M. Hancock has left the partnership of CLIFFORD-TURNER, solici-tors.

development and contracts. The and of its main operating com-operations director, Mr Mike pany, W. H. Smith and Son. Nay, will have responsibility for

Mr T. F. ("Tim") Bishop has been appointed from May 1 as director in charge of SPICER AND PEGLER ASSOCIATES (formerly Spicer and Pegier Management Consultants).

Following the retirement of Mr Stanley Price, HAYTERS has appointed Mr Richard Price to succeed his father as the company's non-executive financial director. Mr Ivan Wybrew, company secretary and accountant, also becomes a director.

DORMAN SMITH SWITCH-DORMAN SMITH SWITCH-GEAR has appointed Mr Ken Horsfield as manufacturing director designate from May L. Mr Horsfield will succeed Mr M. D. Hoggett who retires in July of this year. Currently works director, Dorman Smith Traffic Products, based in Southport, Mr Horsfield has been responsible for the manufacture of the Loadmaster miniature cirof the Loadmaster miniature cir-cuit breaker products.

THE BEVAN SIMPSON FOUNDRY has appointed Mr Peter Swan as foundry director. On rejoining the company in 1977 he became successively projects manager and foundry

Hr Stanley H. Honeyman, chief executive of English Proporty Corp., has been appointed a non-executive director of W. H. SMITH AND SON (HOLDINGS)

Mr A. G. Stewart and Mr A. M. Haddow have been appointed to the board of MURRAY JOHNSTONE INVESTMENT SMITH AND SON (HOLDINGS)

MANAGEMENT.

This week in parliament

Salect Committees: Environment on problems of urban menagement renewal, witnesses—National Westminster Bank and London Committee of Clearing

5th May 1983 and 10.00 a.m. on Tuesday, 10th May 1983. TENDERS LODGED WITHOUT A PRICE BEING STATED WILL BE REJECTED.

20. A separate cheque representing a deposit at the rate of £40.00 for every £100 of the nominal amount of \$5tock tendered for must accompany each tender; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Charnel Islands or the Isla of Man.

21. Tenders must be for a minimum of £100 nominal of \$tock and for multiples of \$tock as tollows:— TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (7). WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON THURSDAY, 5TH MAY 1983, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON WEDNESDAY, 4TH MAY 1983.

Amount of Stock tendered for £100—£1,000 £1,000—£3,000 £3,000—£10,000 £10,000—£50,000 £50,000 or greater

£100 £500

£25,000

22. Her Majesty's Treasury reserve the right to reject any tender or part of any tender and may therefore allot to tenderers less than the full amount of the Stock. Tenders will be ranked in descending order of price and allotments will be made to tenderers whose tenders are at or above the lowest price at which Her Majesty's Treasury decide that any tender should be accepted (the silotment price). All allotments will be made at the allotment price: tenders which are accepted and which are made at the allotment price tenders with be allotted in full; tenders made at the allotment price will be allotted in full; tenders made at the allotment price will be allotted in full; tenders made at the allotment price may be allotted in full or in part only. Any belance of Stock act allotted to tenderers will be allotted at the allotment price to the Governor and Company of the Bank of England. Issue Department.

23. Latters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allotment, and any refund of the behance of the amount paid as deposit, may at the discretion of the Bank of England be withheld until the tenderer's chaque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the tenderer to transfer the Stock so allocated.

24. No ellotment will be made for a less amount star \$100 Stock to

allocated.

24. No silictment will be made for a less amount than £100 Stock. In the event of partiel allotment, the balance of the amount paid as deposit will, when refunded, he remitted by chaque despetched by post at the fisk of the tenderer; if no ellotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment. Interest may be charged on a day-to-day hasts on any overdue semont which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in starling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for the relevant payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of

or LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

25. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England. New issues. Wasting Street, London, ECAM SAA, or by any of the Branches of the Bank of England, on any date not later than 30th June 1983. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any instalment payment is overdue).

26. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the belance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 4th July 1963.

27. Tender forms and copies of this prospectus may be obtained at the Bank of England, New issues, Wastling Street, London, ECAM 9AA, or at any of the Branchas of the Bank of England, or at the Gissgow Agency of the Bank of England, St Vincent Place, Gissgow, G1 225; at the Bank of Ineland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfsst, BT1 5BN; at Mullens & Co., 15 Moorgete, London EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND Edinburgh and Bellast Gazettas.

8. For the purposes of this prospectus, the Index figure applicable to any month will be the Index figure issued seven months prior to the relevant month and relating to the month before that prior month: "month "mens calendar month and the Index ratio applicable to any month will be equal to the Index figure applicable to that month divided by the Index figure applicable to they 1983.

7. The amount due on repayment, per E100 nominal of Stock, will be £100 multiplied by the Index ratio applicable to the month in which repayment takes place. This amount, expressed in pounds sterling to four places of decimals rounded to the nearest figure below, will be announced by the Sank of England not later than the business day immediently preceding the date of the penultimate interest payment. S. (Interest will be payable half-yearly on Zind May and Zind November. Income for will be deducted from payments of more than E5 per annum. Interest warrants will be transmitted by nost.

3. The first interest payment will be made on Zind November 1983 or the rate of £1.2060 per £100 nominal of \$tock. of £1.2060 per £100 nominal of Stock.

10. Each subsequent half-yearly interest payment will be at a rate, per £100 nominal of Stock, of £1,25 multiplied by the index ratio applicable to the month in which the payment Islis due.

11. The rate of interest for each interest payment other than the first, expressed in pounds storling to four places of decimals rounded to the sea a percentage in pounds storling to four places of decimals rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the previous interest. BANK OF ENGLAND LONDON 28th April 1983

THIS FORM MAY BE USED

TENDER FORM

the business day immediately preceding the date of the previous interest the business day immediately preceding the date of the previous interest payment.

12. If the index is revised to a new base after the Stock is issued, it will be necessary, for the purposes of the preceding paragraphs, to calculate and be necessary, for the purposes of the preceding paragraphs, to calculate the month in which repayment takes place and/or an interest payment falls the month of payment. This motional index figure will be calculated by multiplying the actual index figure applicable to the month of payment by the index figure on the old base for the month on which the revised index is based and dividing the product by the new base figure for the same is based and dividing the product by the new base figure for the same is based during the product by the new base figure for the same is made during the life of the Stock.

13. If the index is not published for a month for which it is refevent for the purposes of this prosporius, the Bank of England, after appropriate consultation with the relevant Government Department, will publish a substitute index figure which shall be an estimate to payment, and such substitute index figure shall be considered to the month of payment, and such substitute index figure shall be conclusive and binding upon all stockholders. No subsequent adjustment to such amounts will be made in the event of subsequent publication of the Index figure which would have been applicable to the month of payment.

14. If any change should be made to the coverage or the basic calculation of the Index which, in the opinion of the Bank of England, constitutes a funda-This form must be lodged at the Bank of England, New Issues (Y), Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 6TH MAY 1963, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England (25 St. Vincent Place, Glasgow, G1 25B) not later than 3.30 P.M. ON WEDNESDAY, 6TH MAY 1983.

ISSUE BY TENDER OF £1,000,000,000 2½ per cent INDEX-LINKED TREASURY CONVERTIBLE STOCK, 1999

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND 1/We tender in accordance with the terms of the prospectus dated 28th ril 1983 as follows:--

pount of Stock tendered for £100-£1,000 £1,000-£3,000 £3,000-£10,000

Multiple £100 £500 £1,000 £5,000 £25,000 £

made in the event of subsequent publication of the Index figure which would have been applicable to the month of payment.

14. It any change should be made to the covarage or the basic calculation of the Index which, in the opinion of the Bank of England, constitutes a fundamental change in the Index which would be materially destination to the interests of stockholders, her Majesty's Treasury will publish a notice in the interests of stockholders. Her Majesty's Treasury will publish a notice in the interests of stockholders, her majesty's Immediately following the announce-bonders and offering them the right to require Her Majesty's Treasury to redsem their Stock. For the purposes of this paragraph, repayment to stockholders who exercise this hight will be effected, on a date to be chosen by Her Majesty's Treasury, not later than seven months from the last month of published of the later which of published to the accurate will be calculated on the basis of the later rate applicable to the month in which repayment takes place. A notice setung out the administrative arrangements will be sent to atockholders at their registered additable to the Benk of England at the appropriate time.

15. Holdings of 21- per cent Index-Linked Treasury Convertible Stock, 1959 may, at the option of holders, be converted in whole or in part into 10th per cent Conversion Stock, 1959 (hereinster referred to as "Conversion Stock") as on the following dates:— The price tendered per E100 Stock, being a multiple of ZSp [tenders lodged without a price being stated will be rejected]:—

3. TENDER PRICE (4)

and prospectus.

I/We request that any letter of ellotment in respect of Stock ellotted to me/us at the address shown below

of, or on behalf of, tenderes FORENAME(S) IN FULL POST-TOWN COUNTY POSTCODE FT Kingdom, the Channel Islands late of Man.

A.15 pm); Transport on bus subsided policy, witnesses — Association of County Councils and the Association of District Councils (room 17, 4.15 pm); and Road Research Laboratory; RAC (room 17, 4.15 pm); Foreign Affairs-Unopposed Bills on Parketton Quay (Lords) (room 9, 4 pm); Private Bill on Gines and Gutteridge, Leicester (Cremetorium) Bill (room 6, 10.30 am). vote 10, support for overseas students).

Banks (room 16, 4.15 pm); Transport on road salety, witnesses—Transport

witnesses—Council for Education in the Commonwealth, Standing Committee of Principals and Directors of Colleges and Institutes in Higher Education, Council of Local Education Authorities (room 18, 5 pm): Private Bill Com-mittee on Ginna and Gutteridge, Leicester (Crematorium) Bill (room 5,

TOMORROW:

Commons: Progress on remaining stages of Police and Criminal Evidence Bill; consideration of Lords' amendments to Water Bill.

Lords: Debate on Soviet penetration and influence in the third world; Gaming (Amendment) Bill, second pading; unstarred question on allocation of grant to Netional Association of tion of grant to National A Citizena' Advice Bureaux.

Select Committees: Education, Science sacond reading: Copyright (Amend and the Arts on public records, witness ment) (No. 2) Bill, second reading.

THURSDAY: Commons: Mobile Homes Bill, remaining stages; National Haritage Bill: Motion on the St Christopher and Navis Termination of Association Order. Lorde: Agricultural Holdings (Amendment) (Scotland) Bill, second reading: Telecommunications Bill, committee: Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order and the Rates (Amendment No. 2) (Northern Ireland) Order, motions for approval.

FRIDAY:

Commons: Private Members' Gills. Lords: Licensing (Occasional Permissions) Bill, third resding; Parochial Charities (Neighbourhood Trusts) Bill,

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STERDAM	47 20 9R	HAMBURG	44 25 18	MUNICH	
HRAIN	23,42 41	HELSINKI	64 02 50	NEW YORK	26
RCELONA	302,23 82	HONG KONG	28 38 76	OSLO	
LIN (WEST)	261 80 13	LISBON	88 30 BB	PARIS	(6)(1
ISSELS	218,28 5R	LONDON	628,37.51	SINGAPORE	
PENHAGEN	0430.00 08	LUGANO	56 OG 29	STOCKHOLM	
BLIN	77 R1 75	LUXEM80URG	48 45 58	STUTTGART	
WKFURT	29.20 00	MADRID	462 61 31	VIENNA	
NEVA	28 17 77	MILAN	345 231.9	ZURICH	
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Trinkaus & Burkhardt

•	<u> </u>	1982 in million DM	1981 in million DM
	Business Volume	5,571	5,314
	Total Assets	5,253	5,019
Group	Deposits	4,751	4,485
	Credits	4,996	4,916
	Capital	187	187
Trinkaus & Burkhardt Düsseldori, Essen, Frankfurt, München, Stuttgart	Business Volume Total Assets Capital Funds	4,242 3,923 187	4,171 3,877 187
Trinkaus & Burkhardt (International) S.A., Luxembourg	Total Assets Capital Funds	1,373 41	1,115 35
Trinkaus & Burkhardt (Schweiz) AG, Zuich	Total Assets Capital Funds	88 15	53 13

May 1983

REPUBLIC OF AUSTRIA

DM 100,000,000

7½% Bearer Bonds of 1983/1991

Private Placement

DG BANK Deutsche Genossenschaftsbank

Genossenschaftliche Zentralbank AG-Vienna

Berliner Handelsund Frankfurter Bank

Credit Suisse First Boston

Limited

Conversion Stock, 1999 (hereinster referred to as "Conversion Stock") as on the following dates:—

22nd November 1993
22nd May 1984
22nd Mayer 1994
22nd Mayer PLEASE USE BLOCK LETTERS securities) shall apply to exchanges or securities made in pursuance of the conversion offer.

18. Conversion Stock will be an investment failing within Part II of the First Schedule to the Trustee Investments Act 1981, and application will be made to the Council of The Stock Exchange for Conversion Stock to be admitted to the Official Last. Paragraphs 3 and 4 of this prospectus will apply equally to Conversion Stock as to 2½ per cent Index-Linked Treasury Convertible Stock. 1999. Interest on Conversion Stock will be psyable half-yearly on Z2nd May and Z2nd November. Income tax will be deducted from payments of thore than 15 per annum. Interest warrants will be transmitted by post. Conversion Stock will be repaid at par on Z2nd November 1999.

13. Tenders for 2½ per cent Index-Linked Tressury Convertible Stock, 1998 must be lodged at the Sank of England, New Issues (Y), Waiting Street, London, ECAM 9AA not later than 10.00 A.M. ON THURSDAY, 5TH MAY 1983, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England to Later than 19.00 A.M. ON THURSDAY, 4TH MAY 1983. Each tender must be for one amount and at one price which is a smittiple of Z5p. Tenders will not be revocable between 10.00 a.m. on Thursday.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY DIVIDEND & INTEREST PAYMENTS-American Telephone and Telegraph Co 45Cts Anglo American Ind Corn 5.825pept 3.48405p ne and Telegraph Co 3.AB4000 Citicorp 47cts Costine Bros 4 boc1stPr 1987 1.575p Continental Illenois Corp. 50cts Daminion and General TSL SpcPr 1.75p

TODAY COMPANY MEETINGSmerican Tst., 4. Melville Crescent. Edinborgh, 72-15 Edinburgh, 72.15
Canning, 673. // Carming House, St. Paul's Souare, Birmington, 3.00
Davies And Weitzalle, injector Works, Romiley, Stockaber, Chedhre, 11.20
Grovesell Group, Boston House, 53.54, New Broad Street, E., 12.00
Roseelmond Inv 1st. 41, Bishopsgate, EC, 12.00

(*); <u>f</u>

BOARD MEETINGS.

DIVIDEND & INTEREST PAYMENTS APY Highs 1.15och 1.575a. Do 4.55cc Pf 2.275b. Do 5.25pcPf 2.625a Anglo Rords Highs 1.12p Bril Commises Services 5-pc-2ndPf 1.525a Broklon ser Paul 5ccPf 1.75c. Do Sinc Pf 1.825b. Do 7pcPf 2.4p Coms. Gold Fields S. Finland (Republic of) 144pcln 1988 (Br.J 71apc

e 1.5p Rieligh Gra 1p Ish Rastern Inv Tst 1.85p New 15 Lptin 1996 77pc New 12st 1987 6pc

Bestson Clark, Hallam Tower Post Ho Hotel, Sheffield, 12.30 Bifurcated Enclopering, Manderlike Po-Arlection Enclopering (Hogh). Royal County Hotal, Mander House. Wolver-. 12.00 12.00 Masor Hotel, Yeavil.

und Noveall, National Composing Oxford Road, Marchester, 12.60 BOARD MEETINGS-Fleats
Electra lev Tsz Folloss (John Meio
Gerrard am Nati
London (Fri leva vistre am)
Marchard Fri leva vistre am)
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BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Title Riba Computer Conference and Exhibition (01-687 Riba Computer Conference and Exhibition (01-637
8991)

London Furniture Show (01-885 1200)

Interior Design International (01-540 1101)

Direct Marketing Fair and Conference (0727
25209)

Automated Manufacturing Exhibition and Conference—AUTOMAN (01-747 3131)

Chelses Flower Show (01-834 4333)

International Conference and Exhibition on Computers and Communications in Investment Banking and Insurance (Northwood Hills (09274) 28211)

International Word and Information Processing Exhibition and Conference (01-405 8233)

Advertising Business Systems Show (01-637 7438)

Fine Art and Antiques Fair (01-385 1200)

Chemical and Processing Engineering Show—EUROCHEM (01-747 3131) May 15-19 May 16-17

May 6-10 2nd Exhibition of Systems, Components and Materiais for the Industrialised Building Sector—SICOMAT 83 (01-486 1951)

May 17-10 Manila Apparel Market Week (01-248 0742)

May 17-20 Europe Software Exhibition (01-486 1951)

May 17-20 Technology/Impex Exposition (Pitishurgh (412) 642 788)

May 24-27 International Trade Fair for Industrial Cleaning and Maintenance (020 5411411)

May 27-June 5 Paris Air Show (720-61-09)

June 8-10 International Telecommunications Congress and Trade Fair—IFCOM (01-939 7251)

June 9-12 International Saw Mill Machinery and Forestry Exhibition—ELMIA (0732 836 487)

June 26-29 National Fancy Food and Confection Show (0483 38085)

Bloomsbury Creat Hotel Earls Court Olympia Kensington Exhibition Centre, W8 NEC, Birmingham

Wembler Conference Centre Press Centre, EC4 **NEC Birmingham**

Clarke (T.). Savov Hotel, WC. 12.00 Church and Co. St James, Northampton 12.00 DIVIDEND & INTEREST PAYMENTSmerican Medical Intel Inc 12cts armain Oil Biopoles 1970-85 4-be standard Telephones and Cables 45 velice (James Goldsmith and Silve C.5p. Do Non-Vity 0.5p Ptereidiave NV Beloggings Hs 4-5 21 00 ser Hidgs. 22, Arlingtus Street.
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21 00 ser Hidgs. 21, Arlingtus Street.
22 0 ser Hidgs. 21, Arlingtus Place, hide Park Reen and Nettlefolds. Intor-Continental Hiddel. 1. Hamilton Place, hide Park Device. 72, 30 ser Hiddelphark Place, Park Comer. 72, 30 Streamore Rees. Park Device. 12, 00 ser George (Housewart, 98, Scusamore Rees. 19 powich, 12,00 silicitiane Lubringant, Silicalene Oil Rebaser, Baloer, Derovahure, 12,00 streamore, 12,00 streamore, 13,10 ser Hiddelphark, 12,00 streamore, 12,00 streamore, 13,10 ser Hiddelphark, 12,00 streamore, 12,00 streamore, 12,00 streamore, 13,00 ser Hiddelphark, 12,00 streamore, 12,00 ser Hiddelphark, 13,00 ser Hiddelphark, 12,00 ser Hiddelphark, 12,00

printen Petrologia, Barblean Centre, Silk Street, EC. 11.30 reat Eastern Hotel, Liver-12.00 ns Milisi, Todar Road 11.00 rdes. Telterd Way, Kettering, onshire, 11.30 surance, 103, Oxford Street. FEREN, 10-a, 12,00 Chemicals, Kirkstall orisitire Ch Leeds, 12-00 BOARD MEETINGS-

DIVIDEND & INTEREST PAYMENTS DIVIDEND & INTEREST PATRICULAR ANGIA THEORISM CONTROL AND ANGIA THEORISM CONTROL AND ANGIA SERVICE ANGIA SERVICE AND ANGIA SERVICE ANGIA SERVI

COMPANY MEETINGS-Anik and Withors Gro. 71, Standen Road.
M. 1.200 September S. Midland Hotel,
Manufaester. 71,45
September Assurance. Moor Grom. Mossiev.
Birmingham. 12.00
Span Engineering Hides. Signification

COMPANY MEETINGS-

OUARD MEETINGS—
Process
Ayrolate Metal Prods
Copydex Feetan law Tat
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Save and Prosect Linked Inv Tat
Second Enterprise Inv
Fora-Consulate
Internal ries: Teal Comed Land and Expire DIVIDEND & INTEREST PAYMENTS—
Augid America Industrial Caro 78.570400
Assoc Stricts Foods 7 tachon 1985-93 7905
Basic of Montreal Mortgage Corp 14 tack
NS 8536 71pc
Brist Chemicals Intel 1.5p
Brists Col Hydro and Power Authority
14 tack Nts Ser FK 1280 77pc
fictos Early 71pc 11x Murgh 1887-82
Stack
Brooke Early 72pc 11x Murgh 1884Zeolog 11x Murgh 1993-97 4.247250
Calarbe (71 1.78539
Courtbasts Sacked2addy 2.1p
Delta Con 104-000-74 DIVIDEND & INTEREST PAYMENTE Clarke (77 1.25359 174-197 4.24424 Contributed School 1981 2.19 Detty Grey Observed 1981-29 Stance Clarke (1981-29 3 bet into Bank for Rec and Dec 13 becks 1986 (Res) 6 bet Do 13 becks 1988 (Ref 6 bet Do 16 bet Nts of 1981 der 6/3 88 Juridan (Thomas) 3.85n Sefect TR 0.41n. Do Var Rate Cavi 0.43p LWT Holdgs Non-Vig 4.4942p Merman, 3.125n Merill Box 10-polan 1992-97 Staps Nordies 49 Menial Soc 10 colin 1922-97 Slape Mediers Zachpale 1 130 Do A Non-Vig Petersen Zachpale 1 130 Do A Non-Vig Reliable Prose 1.252 Respective 2004-09 Zivot Do 1252 Respective 2004-09 Zivot Do 1252 1976-92 Zivot Do 71052 1976-92 Zivot Do 71052 1976-92 Zivot Do 71052 1976-94 Alpot 1976-94 Zivot Do 15052 1976-94 Alpot 1976-94 Zivot 1976-94 Alpot 1976-94 Zivot 1976-94 Alpot 1976-94 Zivot 1976-95 Zi

SATURDAY MAY 7 DIVIDEND & INTEREST PAYMENTS. BBA Grp 100c(bb 1969-84 Spc SLMC 7-upcCrvLn 1982-87 S-spc Swc Crrice Inds 104-ecps 1984-99 Step Burtunghs Corp 65cts Cowte (C) 10pcSpubln 1979-84 Spc

SUNDAY MAY 8 DIVIDEND & INTEREST PAYMENTS

Seitz plant for Clydebank

A WEST GERMAN company,

jobs. Seitz will start production in

It is Seitz's second European A WEST GERMAN company, It is select section curopean wilfred Seitz, has given the gomanufacturing plant. The company chose Scotland after look-manufacturing plant at Clydeing at locations in France, bank, which could create 77 Belgium and England.

The new company, Seitz (UK) will establish one of the most modern pipe section manufac-June at a 46,000 sq ft factory will establish one of the most modern pipe section manufacturing plants in Europe for Business Park on the former glass fibre and mineral wool insulation materials.

Easier said than done. It takes long hours and a lot of hard work to be the very best there is:

The proof of Hogan's commitment rests with our customers the more than 70 banking and financial institutions using Hogan software packages to help them meet the challenge of change.

Hogan Systems began with a commitment, first, to envision what tomorrow might be; to see the spectacle of incessant change. And to provide the tools for tomorrow's sophisticated and complex financial world.

With a commitment to integrity, innovation, leadership and a partnership with our customers, Hogan set course more than five years ago to develop the complete family of software systems that will stand up to the ever-changing

environment today - and tomorrow. Today, Hogan develops, markets, maintains and supports an integrated and flexible line of standard banking applications software which is used with large scale IBM-compatible computer systems to meet the comprehensive

needs of the world's major financial

institutions.

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Fire Horse States OLUMB OLUBE details.

June 27-July 1 ... Manufacturing and Plant Maintenance Exhibition —PEMEX (01-486 1951) BUSINESS AND MANAGEMENT CONFERENCES

OVERSEAS TRADE FAIRS AND EXHIBITIONS

May 5-6 Monadnock: Successful joint ventures in Egypt (01-262 2732)

10fb Zurich international corporate finance conference (01-637 4383)

RRG: International insurance conference (01-236 May 10-12 London Chamber of Commerce and Industry: What May 17-20 Lloyd's of London Press: Ocean carriers' rights and liabilities (01-247 9461) AF: Business research ment (01-637 1221) May 17-20 EVAF: Business research for corporate development (01-637 1221)

Dataquest: 1983 European semiconductor conference (01-409 1427)

Eurof: European Community finance for commerce and industry (Newbury (0635) 31900)

Insig: 2nd international seminar—auditing in hanking (Paris (1) 763.07.24)

CMS: New business development—what succeeds in practice? (01-637 2281)

Chatham House: Hawka's Australia chances of May 18-20 ... CMS: New business development—what succeeds in practice? (01-637 2281)
Chatham House: Hawke's Australia, chances of economic recovery (01-930 2233)
Industrial Society: Quality circles keeping the enthusiasm going (01-839 4300)
British Franchise Association: Expansion through franchising (Colubrook (964) 4909)
Afinnovae: Venture Capital in the European/French context (Paris (1) 622 2445)
Brighton Polytechnic: interactive video and computer training (Eashourne (0323) 21400)
FT Conference: Vehicle components (01-621 1355)
Management Centre Europe: International negotiations (219.0390)
Frost and Sullivan: Systems network architecture (01-486 0334)
IPS: The world truck (0786 56777)
Dun and Bradstreet: Effective collection techniques (01-247 4577) May 24 ... May 24 _ May 24-25 May 26-27 June 6-10

Zurich Jersey Carkton Tower, London

Philippines

Pittsburgh

Amsterdam

Colome

Centre Point WC1 London Chamber, 69 Cannon Street, EC4 Royal Horseguards Hotel

Hamburg Monte Carlo Plymouth Guildhall Madrid

St. James's Square, SW1 Cariton House Terrace, SW1 Holiday Inn, Swiss Cottage

Cumberland Hotel, London Tara Hotel, W8 Holiday Inn, Birmingham

Anyone wishing to attend any of the above events is advised to telephone the ensure that there has been no change in the details published.

NOTICE OF REDEMPTION To the Holders of

ENTE NAZIONALE IDROCARBURI

ENLL

(National Hydrocarbons Authority) 61/2% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Margan Gustanty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1983 at the principal amount thereof \$424,000 principal amount of said Debentures, as follows:

Outstanding Deheatures of U.S. \$1,000 Each of Profix "M" Bearing Serial Numbers Ending in the Following Two Digits: 65 78 · 81

Also Debentures of U.S. \$1,000 Each of Profix "M" Bearing the Following Social Numbers: 617 1917 3017 2717 5617 6617 7217 7817 8517 9417 10617 13017 14317 14917 20517 24117 1817 2717 3617 4717 5617 6817 7417 8217 8617 10117 11317 13417 14617 17717 20617 24817

On June 1, 1963, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debta, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italians in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfort or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Laxembourgeoise in Laxembourg-Ville.

Debentures surrendered for redemption should have attached all manualured coupons appurtenant thereto. Compons due June 1, 1983, should be detached and collected in the usual manner.

From and after June 1, 1983, interest shall cease to accume on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

April 28, 1983

:::1

NOTICE The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

()F(f()()) NEN FWSATEN TONGHT

VAUXHALL MOTORS INVITE YOU TO WATCH THE ANNOUNCEMENT OF A NEW SMALL CAR, IN THE CENTRE BREAK OF 'NEWS AT TEN' ON ITV.

A CAR THAT DOES A LOT A LITTLE BETTER.



WORK STATION

Bridging language barriers

A COMPUTER work station capable of creating multi-lingual documents and communicating messages in several languages has been anounced in the U.S. by Xerox.

Based on the Xerox "Star" work station — recognised as the most advanced computer of its type — the multi-lingual system offers features that are expected to make it particularly attractive to multi-national comnies and business involved in international trade.

The multi-lingual work station can automatically switch between European languages, Japanese and Russian, and will soon be able to handle Hebrew, Arabic and Chinese, says Xerox. This is not a translation system,

What the computer can do, however, it to translate characters from, for example, English into Japanese. Typically, an English-speaking user might type in a Japanese word phonetically — Yokohama — for

With the press of a button the computer will convert the word into Japanese characters. It does this by looking up the word in a 10,000-word dic-tionary of Japanese terms. The phonic conversion system will also be applied to give the machine Korean and Chinese

language capability, says Xerox. European languages that have a more limited variation in character sets are dealt with by creating an image on the video screen of a keyboard that incorporates the special characters. Switching on the "virtual keyboard" automatically pro-duces the required character

Several computer manufacturers have begun to recognise the need for multi-lingual character sets, as the personal computer and work station markets become truly interna-tional. Apple computer, for example, includes two character sets for different European languages in its recently intro-duced Apple IIE. Other manufacturers have recently pro-duced microcomputers capable of handling the 6,349 character sets of the Japanese Informa-tion Standard for computers.

GEOFFREY CHARLISH LOOKS AT THE LATEST IN ROBOT SYSTEMS

Yes-man—a robot that is armed to the teeth

JUST EMERGING from the development phase at Patscentre of Yes-Man is expected to be in Cambridge and financed by Prutec, the technology investment wing of the Prudential assembly worker for a year.

And the control operator controls and the control microcomputers. The tools carried at the arminates to the total cost of an ends can be manually or automatically fed and are attached by quick release mechanism. Prutec, the technology invest-ment wing of the Prudential Insurance Company, is a robot with two arms rather than one.

The machine can work over an area of 500 x 250 mm to a height of 250 mm above an integral horizontal table and so is aimed at relatively small sized tasks. But it is able to carry out complete tasks and the statement of the sta plex assembly operations according to Patscentre chief executive Gordon Edge.

a co-operative mode or inde-pendently and the idea is that the robot, which has been named Yes-Man, should be able to carry out a wide range of co-ordinated tasks either on its own or in conjunction with a

The ability to carry out two separate tasks at a time will clearly cut operation cycle time and could lead to substantial economies.

Prutec, which owns all the industrial rights to Yes-Man, has yet to find a manufacturer for Ear yet to find a manufacturer for the machine and has talked to some 10 companies. The hope is that a sultable UK licensee will be found but Prutec's chief executive Derek Allam makes it clear that he will look elsewhere if necessary.

At the manufacturing volume

Each arm has three servo axes with the sum to the standard powered by low cost DC motors. The robot can be instructed by a co-ordinate program, by push-button control or by "teaching"—manual positioning of the arms themselves. The machine is cast iron and the level language from a terminal.

More on 01-499 0414.

At the manufacturing volume chassis

Assembly worker for a year.

However, both Prutec and Pastcentre put considerable emphasis on words such as "cooperative" and "friendly" at the recent London introduction of Yes-Man, fielding questions about how many people the device would put out of work with considerable skill.

ing to Patscentre chief executive Gordon Edge.

The two arms can be used in a co-operative mode or independently and the idea is that the robot, which has been named productivity. It is visualised that the robot will carry out a wide range of coordinated tasks either on its auman assembly worker.

The ability to carry out two eparate tasks at a time will

Yes-Man has an absolute placing accuracy of 0.3 mm, a repeatability of 0.1 mm, a maximum speed of 30 mertes per minute and a maximum load of

Each arm has three servo axes

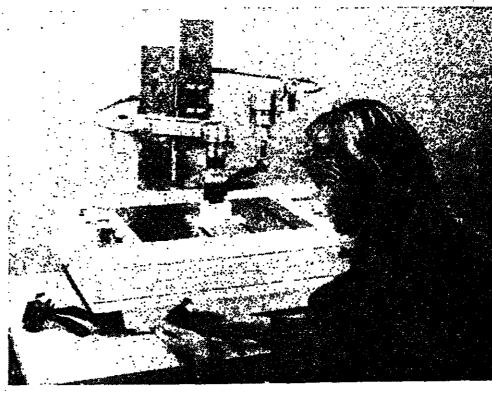
ends can be manually in alto-matically fed and are attached by quick release mechanism. Yes-Man is supplied with a basic kit of general purpose rotary and gripper tools. Both sets are electrically driven but pneumatic grippers can be supplied.

Special purpose tools that the
arms could wield include hammers, glue dispensers, tape applicators, circlip pliers and

soldering irons.
Control is via a hierarchial multi-processor system and the three serve axes are under full digital control using one multitasking processor for each arm. Overall control is via a supervisory processor operating in real time. Program storage is on data tape cartridges.

The robot can also communicate and can act as a peri-

pheral device to a central computer. It could also be connected to automatic test equipment or communicate with other devices including robots. The necessary interfaces are



Patscentre's two armed robot-designed to work alongside human beings in production

How GE's system sees a way to better welds

and current adjustment as it

'The prospects are for a 15-fold increase in productivity compared with conventional welding robots and a weld

A TEAM at the Schenectady, New York research laboratories of General Electric Company of the U.S. has developed a vision component, called Welderguipped robot welding arm that can steer itself along irregularly shaped seams in flat sheet.

It continually observes the weld puddle (the pool of molten metal that surrounds the electrode) and makes positional and current adjustment as it

Electrode. GE is to manufactor oxidation.

The vision sensor is built into the welding torch and consists of a series of lenses that look along the axis of the electrode, focusing the image of the weld puddle and the joint in front of it on to the end of a fibre optic bundle. Each fibre transmits a tiny part of the image so that the whole weld picture is transported to a solid state TV camera.

There, it is digitised and transmits in the vision sensor is built vision system.

The vision sensor is built to the welding torch and consists of a series of lenses that look along the axis of the electrode, focusing the image of the weld puddle and the joint in front of it on to the end of a fibre optic bundle. Each fibre transmits a tiny part of the image so that the whole weld picture is transported to a solid state TV camera.

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working in conjunction with a sould state TV camera.

There, it is digitised and though the troops of the current operates near to the parts to joined. The resulting TV monitor.

The device is allows trooperates to determine the desired containing the desired containing are current. Some time allows viewing on a property of the device is allowed to a microprocessor including are current.

The device is allowed to the trooperature are malts the same time allows viewing on a property of the device is allowed to the trooperature are malts the containing the determine the desired containing the

The device is able to track the weld line by virtue of two

troller to determine the correc-tions in welding parameters to maintain the desired conditions,

tion Standard for computers.

Xerox has however taken multi-lineual capability a step further. The Xerox Star is an expensive machine that is often described as the Rolls-Royce of personal computers.

In the device is abje to track an important advantage of the wild line by virtue of two the system is reduced program—the wild line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld line by virtue of two the system is reduced program—the weld into the system is reduced program—the weld line by virtue of two the system is reduced program—the weld lines of the weld line by virtue of two the system is reduced program—the weld into the weld into the weld in

in diameter around the elec-

paths such programming can welding is about three inches become impractical or even imper minute.

Less work

An important advantage of the system is reduced programthe fixed command robot cannot account for all the variables sional parts such as aircraft that affect weld quality, such as engine components. The system is able to locate the position two parts (the accuracy with of many types of joints in which the edges to be welded chuding butt, fillet, and lap the system is reduced programthe system is reduced programthe fixed command robot cancludes welding of three dimensions are cludes welding of three dimensions.

stripes that can be seen by the vision system.

Once in operation, the vision The GE system, it is claimed, system takes over, always can recognise such deviations that the deviations are about 1 in as they occur and act accordance. Welding speeds of up to six

GE points out that by cominches per minute have been parison, conventional welding achieved for a typical steel robots require time-consuming plate of up to 0.125 inches thick programming for even the says GE, whereas the equivasimplest paths. For complex lent figure for manual TIG

The next stage In addition, says the company, development programme in-the fixed command robot can-cludes welding of three dimen-

Market leaders in micro technology 01-741 5111

SYSTEMS

Software

Spreadsheet on micros

TWO POPULAR financial modeling packages, Supercale and Micro-Modeller are now

and Micro-Modeller are now available on Future Tech-nology Systems' Series 88 multi-function workstation. Supercale is an electronic spreadsheet system while Micro-Modeller can be used to build and run company nodels, perform financial calculations and produce reports and graphs. More information is available on

Card systems **Monitoring**

petrol pumps Companies operating vehicle fleets will be interested in a card-based fuel manage approach from Cardi Systems which will moni

475774

and control the use of in-house peirol pumps.

The system is able to grant or deny access to the pumps at any time, control which driver or vehicle is able to obtain fuel and set limits on

the amounts of fuel that can be drawn. It consists of a central controller, a number of terminals and the necessary software. Inventory data for up to 16 fuel tanks can be stored on floppy disc. Transaction data is displayed on a VDU and can be printed out in a variety of ways.

Each terminal controls from

Each terminal controls from two or four pumps and has a built-in card reader and keyboard. A user has to enter his own card and punch his personal identity number be-

fore pump access is given.

Any terminal can be programmed to stop dispensing fuel after a pre-set number of seconds, from five to 180. It is even possible to program the system so that it will only dispense fuel if the vehicle has travelled a certain minimum distance. More on 0734

To create a really top business class we started at the bottom.

new Royal Executive Class.

Designed to improve Business Class, we started out where a passenger spends most of his

journey. On his seat. The result, on our 747 Jumbos, is a First 🌉 Class seat in every sense of the word. Bigger, Wider, More comfortable. Not surprisingly,

we needed more room to put them. So we created two spacious areas. One located upstairs where the First Class lounge used to be. The other downstairs with only twenty four

seats instead of thirty five. This means the aisle is not only and comfort socks for wider, but there's considerably more space between your seat and the one in front

Catching forty winks is also

Announcing the arrival of Thai's easier because the new seat reclines a full twenty inches.

Enough on seating. On to eating. Part of any great service is

serving great food. In Royal Executive Class we go one better and give you a choice of menus.

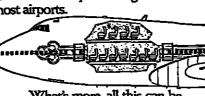
So now, you can choose between the Chicken Legs and the Beef Stroganoff. Served on elegant china with fine cutlery and table linen.

Other niceties in the air include a selection of excellent wines and liqueurs, cheeseboards and baskets of tropical fruit electronic

headsets for your ears On the ground we offer speedy check-in

at special Royal Executive

Class counters plus lounge facilities at most airports.



What's more, all this can be enjoyed for just the full economy fare, or a little more on certain intercontinental routes.

Royal Executive Class is also available on our DC10 flights to the Middle East and our A300 routes throughout the Orient So even if you change planes,

you start \ \ \ and finish your journey in style. For the ultimate in Business Class, fly Thai's Royal Exec-

> utive Class. We think you'll appreciate it from top to bottom.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE [Algerian Popular Democratic Republic]

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry for Energy and Petrochemical Industries) ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (National Company for the Exploitation of Othwells)

NOTICE OF NATIONAL AND INTERNATIONAL CALL FOR TENDERS NUMBER 1010/A1/MEC The Entreprise Nationale des Traveux eux Puits is leunching a National and international Call for Tenders for the supply of:

SPARE PARTS FOR PELLE DEMAG, TYPE H21P.

item No. 2: SPARE PARTS FOR FORKLIFT TRUCKS LANCER BOSS TYPE B140/80

Tranderers interested in this Call for Tenders may obtain the specification from the following address: Entreprise Nationale des Travaux aux Pui 2 rue du Capilaina Azoug, Cota-Rouge, Hussein-Day, Alger (Alger Alger) — Departement Approvisionnements et Transports (Supplies

Tenders, of which five (5) copies should be prepared, must be sent in a double seated envelope, by registered post, to the "Chef du DAT" (Heed of Supplies and Transport Department) at the above address. The cuter envelope should be completely anonymous, bearing no company insignis. and stating simply "APPEL D'OFFRES NATIONAL ET INTERNATIONAL Numero 1010/A1/MEC — Confidentiel — A ne pas ouvrir" (National and International Call for Tenders Number 1010/A1/MEC — Confidential — Do not open).

Tenders should be sent to arrive by 12.00 hours on Saturday, 18 June 1983, at the very latest. Selection will be made within 180 days from the closing date of this Call for Tanders.

Bangladesh Power Development Board GREATER DHAKA POWER DISTRIBUTION PROJECT - Phase 1A

Tenders are to be invited throughout May 1983 for the undermentioned contracts which are being financed by the Overseas Development Administration under the United Kingdom/Bangladesh Project Grant 1978 for the above mentioned project:— SUPPLY AND DELIVERY ONLY

Insulators and Fittings for 11 kV and 8243/2 8243/3 8243/4

400 V Overhead Lines.
Conductors and Fittings for 11 kV and 400 V
Overhead Lines.
Transformers and Switchgear. insulated Cables and Accessories for 11 kV TURNKEY CONTRACT

Replacement of Transformers and Rehabilitation of Mirkadim 33/11 kV Substation.

It is anticipated that sets of documents required for preparation of Tenders will be available by 1 June 1983 but interested parties should write immediately, stating which of the Specifications they require and enclosing the appropriate deposit(s) to the Consulting Fraineers:— Embank and Partners Ltd., Consulting Engineers, Prudential House, North Street, Brighton BN1 1RW, Sussex.

A deposit of £200 is required for each specification documen A deposit of 1200 is required for each specification document requested, such deposits being returnable on receipt of valid tenders. Closing date for receipt of completed tenders will be advised as each specification is issued.

Copies of the specification document will be available for reading purposes only at the Consulting Engineers Office in Brighton Project Management Group, House 47 Road 135, Gulthan, Dhale

CONTRACTS AND TENDERS

INTERVENTION BOARD FOR ACRICUTURAL PRODUCE INVITATION TO TENDER

Tenders are invited for the urgent to tonnes of bagged soft wheat flour to Eg. no earlier than 23 May 1983 and no letter than 30 May 1983.

2) 25 tonnes of bagged soft wheat flour to Gambla for delivery on FAS Liner terms to an EEC port. Leading shall commence no earlier than 23 May 1983 and no later than 30 May 1983.

The prices for the supply and transportation costs of the soft wheat fifth the above tenders will be determined on examination of the tend The prices for the supply and transportation costs of the soft wheat we for the above tenders will be determined on examination of the tende which must be submitted by noon on Thursday, 12 May 1983, 10: Hor Grown Cerests Authority, Hamlyn House, Highgate Hill, London N19 5PR. 3) 27,240 tonnes of bulk soft wheat to Ethiopia for delivery on a stowed and trimmed basis to an EEC port. Loading shall commence arrive than 23 May 1983 and no later than 30 May 1983.

earlier than 23 May 1983 and no later than 30 May 1983.

4) 3,000 connes of bulk soft whear to Bangiadesh for delivery on a fob stowed and trimmed basis to an EEC port. Loading shall commence no earlier than 23 May 1983 and no later than 30 May 1983.

5) 3,000 connes of begged soft wheat to Mauritania for delivery on a fot stowed and trimmed basis to an EEC port. Loading shall communica are earlier than 23 May 1983 and no later than 30 May 1983. earlier man 25 may 1903 and to later then 30 may 1903.

The prices for the supply and transportation costs of the soft wheat for the above three tenders will be determined on examination of the tenders which must be submitted by noon on Wednesday, 11 May 1983 to: Home Grown Cereals Authority, Hamiya House, Highgate Hill, London N19 5PR. Notices of invitation to tender for all the above, together with tendering forms may be obtained from: Branch B (Ceresis), Internal Market Division Intervention Board for Agricultural Produce, Fournain House, 2 Queent Walk, Reading RG1 7QW, Tel: Reading (0734) 583626 ex; 368/276.

CYPRUS PETROLEUM REFINERY LIMITED **ENERGY**

CONSERVATION/UPGRADING **PROJECT**

Cyprus Petroleum Refinery Limited (CPRL) are proposing to carry out an energy conservation/upgrading project on the crude oil distillation unit at their 16,000 barrel per day refinery at Lamaca.

at Larnaca.

Contractors wishing to be considered for inclusion in the selected list of tenderers for the above contract, will be required to pre-qualify. Consideration for inclusion in the selected tender list will only be given to those contractors who have demonstrated their ability successfully to complete refinery or perrochemical projects. refinery or petrochemical projects.

Pre-qualification questionnaire documents can be mailed on request by CPRL (Telex No. 2267) to interested contractors. These should be returned in a sealed envelope marked "Private and Confidential" Tender FMI/83 to the General Manager. Cyprus Petroleum Refinery Limited. P.O. Box 275, Larnaca-Cyprus, not later than 14.00 hours local time, on Friday, 27th May, 1983.

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BUILDING AND CIVIL ENGINEERING

Construction industry revival increasingly uneven-Fordy

THERE ARE still no firm signs of a sustained recovery taking effect throughout the construction industry, according to the latest state of trade inquiry conducted by the National Federation of Building Trades Employers.

The survey indicates that workload prospects in some sectors of the building market have recently improved but, equally, it underlines the widely differing experiences of individual parts of the construction

This cautious conclusion comes at a time when prospects for the construction sector have taken a definite turn for the better, with several major contractors reporting improved profits and sales of building materials showing significant

But the NFBTE says that But the NFBTE says that while prospects look better and a growing proportion of its members report a rise in customer inquiries, the apparent upturn is not yet reflected m any improvement in output. Total output in 1982 rose by 1.5 per cent and an increase of the in A per port is expected. up to 4 per cent is expected

als year.

141,000 last year. But the outline latest inquiry says that, look for commercial, industrial of 500 member companies, 33 and public sector, non-housing per cent are now reporting a work is, according to the



rising number of contract mquiries, but 22 per cent say they are declining. There are pronounced variations between regions with the north west and the Liverpool area remaining very depressed—and sub-stantial differences between levels of housing and other types of construction activity.
Housebuilding output is now rising significantly, and private starts in 1983 are expected to reach at least 160,000, against

NFBTE, "at best cautions and at worst gloomy." The Federation says that,

despite a small improvement registered since the previous poll of members, these sectors continue to show an unchanged or negative rate of new inquiries.

Moreover, the industry is still working well below capacity. Only 28 per cent of the companies replying to the Federation's survey said they were working at full capacity and 19 per cent said they were operating on a little as helf or less into one of the control of the control

per cent said they were operat-ing on as little as half, or less than half, capacity.

Commenting on the results, Mr Malcolm Fordy, NFBTE president, said: "This latest survey highlights the large and growing guif between the hous-ing and non-housing sectors of our industry. our industry.

"It is no longer relevant to

talk simply in terms of con-struction prospects. We are now divided into two markets—one for new housebuilding and renovations, where recovery is clearly forging ahead, and the other for industrial, commercial and non-housing work where prospects still look exceptionally depressed."

Mr Fordy said it looked likely that private industrial and com-

that private industrial and com-mercial investment in buildings mercial investment in buildings would fall this year. There had been a "welcome, small flurry" of extra public works orders in the wake of the government's capital underspend initiative last year, but this momentum would have to be sustained into the new function year if the the new financial year if the industry was to avoid "another vicious cycle of depression" in



Lintels looking up

COMPLACENCY IS an artitude which Tom Burge will not tolerate. As managing director of IG Lintels, Cwmbran, he has made sure that his workforce, especially his salesmen, are gware of his views.

The result has been that in a period when the building industry has been in deepening recession IG Lintels has been able to improve its profits in three years, from £400,000 in 1980 to £650,000 last year, and with every prospect of doing even better this year.

of room for improvement.

IG Lintels is a subsidiary of the Diploma group, which has diverse interests ranging from dry cleaners through precision engineers to electronic components distribution. The group's chairman, Christopher Thomas, has a high regard for Tom Rurge and his efforts at IG Lintels, describing the sales team as second to none. Before becoming managing director, Tom was sales director, and Tom was sales director, and over five years built the sales

number two position in the many techniques are still of the first was battling against higher industry. The leader is Catnic with almost double the turn-over. He does not find this well as a very competitive in many techniques and worrying—rather the reverse, and likes to quote the Avis advertisement slogan "We try harder." Tom feels that being number two gives him plenty programme to improve both programme to improve both position in the first of his production. Was partially against higher European builders are still domestic construction investment in many techniques and investing the earlier concentration on domestic needs that being programme to improve both to 18 months.

But the earlier concentration on domestic needs that the construction investment has fallen by some 30 per cent.

But the earlier concentration on domestic needs that the construction investment in many techniques and investment has fallen by some 30 per cent.

But the earlier concentration on domestic needs that the construction investment in many techniques and investment has fallen by some 30 per cent.

But the earlier concentration on domestic needs that the construction investment in many techniques and investment in many techniques and investment in many techniques and investment has fallen by some 30 per cent was placed in the construction investment in many techniques and investment has fallen by some 30 per cent.

But the earlier concentration to the very large the construction investment in many techniques and investment has fallen by some 30 per cent was about 10 years behind Britain domestic construction investment was placed in the construction.

the product and manufacturing facilities. The project was completed last week, coinciding with the 25th anniversary of

IG Lintels.
The steel lintels made by the company are designed to avoid some of the problems encountered with other types of lintel. In section it is shaped like a top hat, with the crown projecting into the cavity between the brick outer face and the inner block leaf. The "rim" of the "hat" sits in the mortar runs and no brick or block cutting is required. Insulation value is said to be equivalent to light aggregate blocks, and a damp course is not

Press-formed from heavily alvanised steel sheet (2.64 to 3.25 mm thick), the lintels are tional box-section steel lintel.

tional box-section steel lintel, but as they do not have to be welded the risk of corrosion is eliminated. Lengths range from 600 to 4,800 mm.

Ten years ago, when Tom Burge was with a concrete lintel manufacturer, 90 to 95 per cent of lintels used in the house building sector were of concrete. Now the proportions have completely reversed. Tom says this proves the superiority of steel lintels, as both types have always been equally available.

Although 85 per cent of his

Although 85 per cent of his business is in the housing sector, Tom Burge is confident that the commercial sector will also succumb to the blandishforce from two to 20, covering ments of the steel lintel.

the UK.

even better this year.

Tom Burge says that with a turnover of around £6m per interim results the chairman remity only accounts for about pointed out that I. G. Lintels 31 per cent of his production mumber two position in the industry. The leader is Catnic with almost double the turnover. He does not find this was battling against higher European builders are still steels and operating costs, as about 10 years behind Britain well as a very competitive in many techniques and market. Mr. Thomas says: "There is considerable determination within the the export market which currently only accounts for about pointed out that I. G. Lintels 31 per cent of his production. Was battling against higher European builders are still steels and operating costs, as about 10 years behind Britain market. Mr. Thomas says: "There is considerable determination within the export market which currently only accounts for about pointed out that I. G. Lintels 31 per cent of his production. Was battling against higher European builders are still as a very competitive in many techniques and market in many techniques and market in many techniques. There is considerable determination within the export market which currently only accounts for about pointed out that I. G. Lintels 31 per cent of his production. Was battling against higher European builders are still as a very competitive in many techniques. His ofher major potential is the export market which currently only accounts for about 31 per cent of his production. European builders are still about 10 years behind Britain in many techniques and materials. In particular, most lintels are of concrete. Tom struction demand over capacity in Hungary was 40-45 per cent.

By 1979 it had fallen to 7-8 per cent. Since then, overall domestic construction investment has fallen by some 30 per cent.

But the earlier concentration on domestic needs has a property to make some impact of the property of the prope

for Hungary

HUNGARY'S construction in dustry is testening on the edge of a foreign business boom. Although earnings abroad totalled only 3hn forint (£48m) last year, the figure represents 2 30 per cent increase on the 1981 performance—in a year when most western contractors had to fight hard just to main-tain earnings levels. Hungary's 1981 foreign construction earn-ings were 30 per cent up on those of 1980.

Now, with an increasing excess of capacity at home, signs of an uplift in activity in the of an uplift in activity in the main foreign construction markets and, particularly, thingary's newly acquired ability to bid on World Bankfinanced projects, the domestic construction industry is gearing itself up for a major boost in international activity.

In the correct the Figure 1 reducing the lall per construction that the finance of the first state of the first st

Unlike some other East European countries, Hungary did not seriously look to construction work outside the domestic and Comecon markets until 1978, and even now exports account for only 5 per cent of But, as with its western com-petitors, Hungary's construc-tion industry was forced abroad by a downturn in domestic of Calabar and design work for activity.

In 1976 the excess of con-Nigeria. struction demand over capacity But 11

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nologies over the whole range of construction activities, on the basis of a massive industrial and social development plan. In particular a pro-gramme for the building of encouraged them to seek their own solutions to the problems of mass, low-cost housing and reducing the labour required per construction unit—advan-tages particularly applicable to new markets in the Middle

As a result, Hungary is now involved in design, civil engineering and turnkey proengineering and turnkey pro-jects as both a main and sub-contractor. Current activities include the design of a 500 kilometre railway between Tripoli in Libya and Sfax in Tunisia, comprising over 90 major bridges, 30 overpasses and over 500 culverts; a 1,000-apartment bousing project in total construction capacity, apartment housing project in the new capital of Abuja in

But the Hungarian construction industry sees its best pros-pects abroad in co-operation with Western firms. It is already working with Austrian, Italian, Danish and West German contractors abroad and is now seeking a tie-up with the Turkish construction industry to tender, initially, for Middle Eastern projects,

TOM SEALY

INTERNATIONAL CONTRACTS £23m Lesotho airport

KIER INTERNATIONAL, a member of the French Kier Group, has been awarded the civil engineering and building works contracts, valued at £23m for the new Maseru International Airport. The 26 mouth project for the Government of Lesotho includes the construction of 4,300 metres of runways and taxiways, aprons, roads, car parks and drainage works, and building seven main airport the structures and an aircraft maintenance hangar, with a total floor area of 9,000 sq metres. Earthworks at the site have been partially carried out by a local contractor, and Kier is working from an essentially bare site. Lesotho's present airport, also near Maseru, is only capable of 4,300 metres of runways and taxiways, aprons, roads, car parks and drainage works, and building seven main airport international aircraft maintenance hangar, with a total floor area of 9,000 sq metres. Earthworks at the site have been partially carried out by a local contractor, and Kier is site. Lesotho's present airport, also near Maseru, is only capable of taking small internal airlines planes from surrounding countries, but the new airport will be capable of accommendating international aircraft maintenance hangar.

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UK CONTRACTS Matthew Hall wins £27m

MATTHEW HALL MECHANICAL AND ELECTRICAL
ENGINEERS has three orders totalling over £27m. They are for air-conditioning, heating, ventilation, plumbing and fire engineering services at British Airport Anthority's new Terminal 4, Heathrow Airport; mechanical and electrical installations in a large defenceproject for the Property Services Agency; and for building laboratory services in the new Phase 18 of \$5 Marr's Hospital redevelopment, London W2 for

Sunk Island on the north bank of the Humber Estuary. Building contracts, totalling £2m, have been obtained from Bradford Metropolitan Council for the construction of a school and a psychiatric unit at Scunthorpe General Hospital for the York-General Hospital for the 10th-shire Regional Health Authority. Civil engineering contracts in-cluded roads and sewers for Hull City Council and civils work to an automatic beet sampler at Brigg sugar factory for British

A two-year pipelaying contract worth an estimated Elim has been awarded to PRESS CONSTRUCTION by North West Gas far work in Central Lancashire and East Cheshire. Press Construction's Swindon-based distribution region has set up a depot in Oldham and expects to recruit

one year.

Town and City Properties has also placed a £1.6m contract for major refurbishment works at 40 Adler Street, London, with completion within six months.

1983. from:-

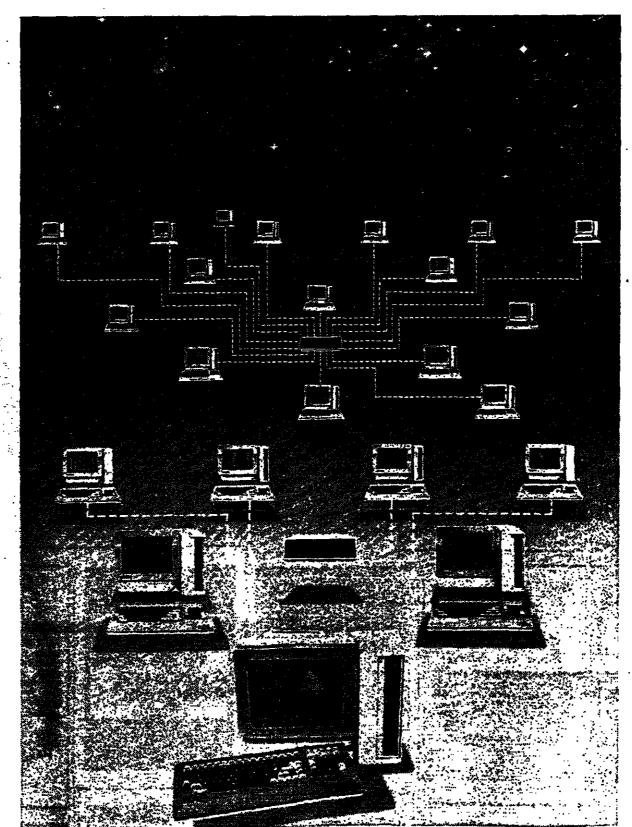
Contracts worth £4m have been CLUGSTON CONSTRUCTION
has received almost fAm worth
of orders for a variety of building and civil engineering contracts. The largest is a f12m
see defence contract for the
Crown Estate Commissioners at
Sunk Island on the north bank
of the Humber Estness ciation. In two contracts worth £543,000 Fletcher will modernise nine houses at Stoke for Beth Johnston Housing Association and 57 houses at Congleton for Congleton Borough Council. In a programme with South Holland District Council Fletcher has a £2m contract to design and build £2m contract to design and build
28 dwellings for elderly persons
together with \$1 low cost joint
venture houses at Hollybrook,
Holbeach. In Bristol, Alfred
Robinson (Builders and Contractors), another part of the
Fletcher Group, has been
swarded an £881,000 contract by
Bristol City Council to build 50
dwellings at Tarnock Avenue,
Hengrove, Bristol.

STRUCTION by North West Gas for work in Central Lancashire and East Cheshire. Press Construction's Swindon-based distribution region has set up a depot in Oidham and expects to recruit around 120 operatives and supporting staff to service the territories. Starting in April, the contract entails the laying of main and service gas pipelines in areas centred on Rochdale, Oldham and Stockport.

GORDON NORTH (BUILDERS) has received a batch of contracts includes the demolition of an existing building and the contract around £6m. Largest is a £2.7m returbishment for Town and City Properties at Mulberry Street, London, turning disused warehouse into modern offices with completion expected within one year.

Town and City Properties has WALTER LAWRENCE & SON tory disabled on the first floor and the YMCA will make these available to disabled men and woman working locally and in

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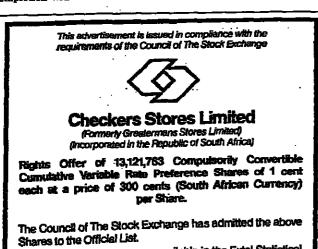
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3rd May, 1983

THE FIRST mention in this year's Budget speech of the new Business Expansion Scheme brought a particularly eager glint to the eyes of two North of England entre-

preneurs.

As joint managing directors of Dicon Electronics, Mike Barker and Danny Bergman had been trying for some months to persuade two experienced and successful big company executives to invest personal money in their small Bury (Lancashire) based business. But until the scheme was announced, they had not received a definite response.

Set up in 1977 to specialise

received a definite response.

Set up in 1977 to specialise in video electronics Dicon has since moved into a number of new areas, notably the wider exploitation of its microprocessor based technology. Needing more capital to develop its ideas and with two individuals in mind, the company and its advisers. Arthur Young McClelland Moores, first took a close look at the Business Start-up Scheme last December—only to find that the reliefs available were restricted to companies were restricted to companies which had been trading for less than five years. (Dicon, in fact, had been going for five years, three months.)

The company's subsequent search for venture capital embraced specialist institutions embraced specialist institutions and industrial companies. But none offered a sufficiently attractive financial package or working relationship. Rapplly the quest effectively ended when the Chancellor gave first details of the new Business Expansion Scheme.

The scheme enables "outside" individual investors to claim tax relief on the cost of shares purchased in a wide range of purchased in a wide range of established unquoted trading companies, not just new ones. And as Bergman points out: "As far as we were concerned this clinched the deal for us." By putting up £75,000 of their own money this week for a 26 per cent stake in Dicon, the two unnamed individuals may well be the first to take advantwo unnamed individuals may well be the first to take advantage of what is potentially a very far reaching measure to help small businesses. (They are, incidentally, taking a risk that the legislation, currently only at the Finance Bill stage, will ultimately pass onto the Statute Book.)

Tax relief or no tax relief though, the two will not be disappointed if the company con-tinues its recent progress. One of the many hundreds of small UK electronics companies set up to exploit the engineering skills and inventive flair of its founder, Dicon has survived by sensibly broadening its manage ment team, simplifying ownership and control and widening its capital base. Turnover is currently running at about £4m but this is expected to increase

Private capital wins the day

Tim Dickson on a young company that plans to use the new business expansion scheme



rapidly. The company hopes to security surveillance systems-double its 30 strong workforce industrial users and big store by the end of the year.

Barker's background is unusual in that before setting up Dicon he spent 14 years with the Lancashire Constabulary. Far from being a "bobby on the beat," however, his responsibility was dealed in a latterial. bility was developing electronic surveillance systems and he used closed circuit TV tech-nology to design and build that Force's first colour TV training

When the Police Force was reorganised in 1976 and Lanca-shire lost much of its autonomy, Barker spotted the opportunity to realise a lifelong ambition. He set up his own company called Dicon, starting in his back room with an overdraft and £700 initial capital subscribed equally by himself and six directors of a security company called Securivision. Dicon quickly made its mark with switching and control equipment linking multi-camera closed circuit surveillance systems to their monitors.

There seemed to be lots of systems companies making cameras and monitors but nobody much manufacturing the electronic devices to link those cameras into the monitors in sequence, he explains.

The growing market for

tronics firm (operating at that stage from the converted third floor of a disused textiles mill) was a brave one by any standards. "When the idea was first put to me I thought the company too small," recalls Bergman. "They persuaded me to go and visit the site and I came away very excited by the equipment they had designed, the level of workmanship and the enthusiasm. I saw a lot of untapped potential."

At the same time Bergman

At the same time Bergman identified two fundamental problems—first, the board of eight directors (as it became) was too large for a small company and secondly Dicon was undercapitalised to take advantage of the corrottunities. tage of the opportunities ahead. "In microelectronics you need to invest a lot up front,"

The first obstacle was resolved when Securivision was taken over by a London-based group. "As the directors had other interests by mutual agreement they sold Mike and me their shares."

Once in control of their own destiny Barker and Bergman identified three potential sources of support—a venture capital institution, an industrial partner and private individuals.

"We saw venture capital as "We saw venture capital as the most likely," says Bergman, "but the price of the one firm offer we got was not attractive, though we liked the attitude of the people we dealt with. We did not seriously pursue any of the industrial companies we were told might be interested for the simple reason that such security surveillance systems—industrial users and big store groups to name but two areas—provided a sound base for Dicon. But the company soon branched out into new areas. for the simple reason that such a partner would almost certainly have wanted to take ultimate control. We felt ideally Other applications for video technology was one—product monitoring systems, for example, were devised for that individuals would be best and then the Business Expanexample, were devised for customers in the aerospace and nuclear fuel industries—while the big new area of microprocessor based applications was sion Scheme came along."

Dicon's case will perhaps add fuel to the fears of financial institutions that the new scheme represents a serious threat to them. Bergman, however, stresses the high risks for all concerned with this type of investment, "I think it is vital for the parties to be compatible

One of the investors, the

chief executive of the UK subsidiary of a large American Corporation, explains his reasons for taking part in the deal. "I am very keen on the company anyway," he says, "but the tax relief makes my involvement much more attractions." involvement much more attrac-tive. I am due to retire in five years' time but I want to keep on working with somebody. Under the rules of the Business Expansion Scheme you are not allowed to get closely involved for five years but after that there's nothing in the way. I am also looking for a couple of other companies where I can make similar investments and bring them the benefit of my general manager of a tiny elec- business experience."

In brief ... EXPANSION through Fran-

chising — How to set up a franchise network" is the subject of a two-day intensive subject of a two-day intensive course in London later this month (May 24 and 25) organised by the British Franchise Association. The course is aimed at owners and directors of large and small companies thinking of using franchising for the first time; of professional advisers wishing to gain a better understanding of the subject; and existing practitioners wanting an update on current practice. The fee is £240 plus VAT. Details from the conference secretary, The British

VAT. Details from the conference secretary, The British Franchising Association, Grove House, 628 London Road, Colnbrook, Slough, Berks SL3 8QH.

"Franchise Forum," jointly presented by the BFA and the Institute of Marketing, follows on June 22. This will include a seminar, an all-day exhibition and an advisory exhibition and an advisory service. The fee is £85 plus VAT (or £80 plus VAT for members of the BFA or the Institute of Marketing). Details from Harold Shilling, the College of Marketing, Moor Hall, Cookham, Maidenhead, Berkshire SL6 9QH.

MORE THAN 100 seminars have been organised throughout the UK to help guide professional advisers—accountants, solicitors, bankers and stockbrokers—through the maze of Benarihers and stockbrokers—through the maze of Department of Industry small business incentives. They are being staged as part of the back-up to the Government's current £2.5m TV and Press campaign to publicise the measures. Indications are that the response to the seminary the response to the seminars has been overwhelming. For information contact Murray Charlton, of Deloitte Haskins and Sells. Tel: 01-248 3913.

" MICROCOMPUTERS and the Small Business" is the title of a course designed for small businessmen about to use a microcomputer, which will be held over four evenings (be-ginning May 18) at Brook-lands School of Management Small Business Advisory Centre. The cost is £36. A separate course (cost £50) over six evenings beginning June 7 will be held for those starting up a small business. Details from Rob Lambert and Wayne Thomas, Brook-lands School of Management, Brooklands Technical College, Heath Road, Weybridge, Surrey, Telephone Weybridge

Loan guarantee demand

BANKS AS a rule have not been over eager to disclose what their experience has been with the Government's Loan Guarantee Scheme. However, the table below gives as near an indication as is currently available. It covers 23 of the 30 participants. Under the scheme the Government guarantees 80 per cent of approved bank loans up to \$75,600—in return for a premium equivalent to 3 per cent of the guaranteed portion of

of the guaranteed portion of the loan.

The table shows in the first column how much money each of the banks has put out in total under the scheme. In the second and third columns are shown the costs involved claims made to the Department of Industry under the

Not surprisingly perhaps most banks individually refuse to reveal the extent of their "failures." The DOI only gives an overall picture, pointing out that for the financial year 1982-83 guarantees paid out exceeded premium income by around £8m. Some hanks have broken ranks though, with for example NatWest being the only clearer to give a figure.

The table shows that the big four high street banks have done most of the lend-ing but it also shows some significant variations in terms. The Co-operative Bank is the cheapest source of this form of money. Beneficial Trust is the most expensive (Not surprisingly, perhaps, it has approved no applica-

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tions.)
Excluded from the table
are Bank of Credit and Comare Bank of Credit and Comerce International (no figures
yet available), British Linen
Bank (no applications
approved), County Bank and
Hong Kong Banking Corporation (not disclosed),
Swiss Bank Corporation
(figures not available under
Swiss banking regulations)
and Northern Bank and
Ulster Bank (both operating
in Northern Ireland where
the scheme has been little
nsed).

Arrangement Dol claims

Breakdown of finance sources

Value of applications Interest over

Allied Irish £350,000 2½% 1% 1% nil Banks Ltd Bank of Ireland £596,000/£250,000 UK 1.3%, usually including N Ireland 2% £100 per £20,000 transaction Bank Leumi £1m 2½.2½% £100 per £20,000 transaction None n/a Barclays £54m 2½% 1% up to maximum of £54m 2½% 1% up to maximum of £5500 typically nil Trust Ltd BT base ½% nil & Co Ltd Brewn Shipley n/a/£175,000 2% ½1% minimum: 1% flat n/a Commercial Credit £3,285,592/£1,981,800 2½% 1% (to max £313,200 Ervices Ltd E3,285,592/£1,981,800 E500 min, pla Co-operative Bank n/a/£3.6m 1½% £50 min, pla Coutts & Co £925,000/£600,000 2½% 1% to max f100 max Coutts & Co £925,000/£600,000 2½% 1% fat £200,000 terms) Hill Samuel Ltd £1.5m 2% (basic terms) ICFC Ltd £16.6m 14½% fixed 1.1½% n/a Tate no max n/a	
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Bank Ltd	
United Dominions n/a/£1.2m 24% 1% to max £10,000 Trust Ltd £500	
Williams & Glyn's £11.8m/£5.5m 2½% 1% (no max) n/2 Yerkshire Bank £7,747,000 2½% 1% (no max) £1,359,140	

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different areas, Dicon has no major competitor—though it does notice the competition.

Bergman believes the company keeps its nose in front by responding quickly and with practical solutions to technical

Inevitably Dicon's heady ex-

pansion put pressure on Barker who wisely decided to look out-

side for new business and marketing skills to complement

his own technical abilities. With

the help of his Securivision directors the company approached Bergman, a 42-year-old electrical engineer who had

spent the previous 13 years with the giant Raychem Corporation,

helping expand its international sales in Europe and Africa.

The move at the end of 1980 from international salesman to

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Appointed 19th April 1983

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All enquiries should be made in the first instance to the joint receivers and managers of Angus Jowett & Co. Ltd., at the company's premises. Telephone 0287 50451.

Alternatively the joint receivers and managers can be contacted at the following address

M. J. Moore, Coopers & Lybrand, Scottish Mutual House, LEEDS LS15JG

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For turther details write to Box G8892, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE

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OLLING MILLS. SLITTING LINES. WIRE AND ROD PLANT. Tel. 0902 42541. Telex 336414.

AGENDA

1. Approval of the Accounts for 1982 and of the Annual Report.

2. Release from responsibility of the Board of Directors and of the

3. Decision regarding the appropriation of the net profit. 4. Elections in accordance with the Articles of Association.

The owners of bearer shares may obtain their cards giving admission to the general meeting (with a proxy) at the Company's Transfer Office in Cham up to Monday 16th May 1983 at noon, at the latest, The cards will be delivered against the statement of a bank that the shares are deposited or upon deposit of the shares in the offices of the Company where they will remain blocked until the day after

(comprising the Balance Sheet and the Profit and Loss Account with comments, the Auditors' Report and the proposals for the appropriation of profits), is available to the holders of bearer shares as from 27th April, 1983, at the Registered Offices at Cham and Yevey, and as from 2nd May at the Offices of the Paying Agents of

The holders of registered shares whose names are entered in the Share Register will, within the next few days, receive at their last will be despatched a few days later.

Company at Cham (Switzerland), Cham and Vevey.

ART GALLERIES

BRITISH PAINTING EXHIBITION. 350 Ollawatercolours from £50, at the Mail Galleries. The Mail. 5W1. Daily 10-5. incl, Bank Hol, Until 4 May. Adm. £1.

PERSONAL

DUTCH AND FLEMISH SEVENTEENTH CENTURY ALAN JACOBS GALLERY (CINOA) Specialists in Dutch

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Irite Box G8907, Financial Times 10 Cannon Street, EC4P 48Y

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or tale including benefit of long lease

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Free ESS.00

COMPANY NOTICES

NESTLÉ S.A.

Cham and Vevey (Switzerland)

THE 116TH ORDINARY GENERAL MEETING OF SHAREHOLDERS is to be held at 3.00 p.m. on Thursday, 19th May 1983, at the "Palais de Beaulieu," LAUSANNE (SWITZERLAND)

the general meeting. The report Nestlé 1982 with the Annual Report of Nestlé S.A.

address communicated to the Company, an envelope containing the Notice for the General Meeting, together with a form comprising an application for obtaining the card giving admission to such meeting as well as a proxy. On the other hand, the aforesaid Report The shareholders are requested to address any correspondence

concerning the General Meeting to the Transfer Office of the

The Board of Directors

AGNEW GALLERY, 43, Old Bond St., W1. 61-629 6176. LESLIE WORTH-Recent Watercolours. Uncil 6 May. Mon.-FrL

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. PHILIP SUTTON Paintings LEFEVRE GALLERY, 30. Bruton St. W1. 01-493 1572/3. CONTEMPORARY PAINTINGS ON VIEW. Mon.-Frl. 10-5 and Sats. 10-12-45.

PARKER GALLERY, 12a-120 Be-reley Street, London W1X SAD topposite May rain Hotels. Tol. 01-499 5906.

Wite Box G.8916. Pinancial Times. 10 Cannon Street, London EC4P 48Y.

NOTICE TO EDR HOLDERS Accordingly, in respect of the free distribution, EDR holders should now present Coupon No. 3 in order to claim

THE CHASE MANHATTAN BANK, N.A.

PRIVATEANKEN AIS NOTES 1988 in compliance with the requirements of the Stock Exchange in London we inform holders of the above-mentioned notes that the contract of the Angual Report and Accounts of 1892 of Frivatbanken AIS are available from the Complex of Hambros Bank Limited. Stock Counter, 41 Bishopsgate, London EC2P ZAA.

3rd May. 1983. PRIVATBANKEN A/S THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION P.L.C.

Editor

Proo

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Section 1

Sec. Co

Par Chin

W. W. M.

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100

71% Debenture Stock, 1990-92 Notice is horsely given that the REGISTERS of the CORPORATION'S above mentioned bebenure Stock will be CLOSED for TRANSFER and REGISTRATION from 18th to 31st May 1983 both days inclusive. By Order of the Board.

H. J. McTurk, Secretary,
48 Palmorston Place, Edinburgh EH12 5BR 2nd May, 1983.

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

U.S.\$25.000.000 FLOATING RATE NOTES DUE 1983
In accordance with the provisions of the above Notes, the rate of interest for the period April 29, 1983 to October 31, 1983 has been fixed at 91%", per abrum. ngon surreader of conbou SANQUE INTERNATIONALE A LUXEMBOURG Saciote Angliving

GUIDE

Policy of terr play and value for money. Supper from 10-5-30 am. Disco and tou-muse, lars, glamorous noatesses, exciting Roorshows, 185, Regent St. U1-754 0557. HANOVERIAN MIGHTCLUE and Ros. 9. Hangwar bireet. Wt. Where today's businessam can enjoy an exciting and relating evening. Charming and discret fancing partners available intellity 2 pro-1 am. Recommended to ring for rus. on 01-408 0259.

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leasehold factory with t/o in excess
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Further deals from

Further details from Box G8921, Financial Times 10 Cannon Street, EC4P 48Y

FOR SALE MARINA AND HIRE **CRAFT BUSINESS**

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AUCTIONS

has been postponed until further notice

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On the instruction of The Joint Receivers Sir Kenneih Cork, G.B.E., D.LITT., F.C.A. & P.F.M. Shewell Esq., M.A. F.C.A.

Delorean Auction POSTPONED

Forthcoming Auction Sale of DeLorean Motor Company, scheduled for Wednesday/Thursday, 18th & 19th May, 1983, has

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ATHROW—New his conditioned Offices with car parking from 1,300 sq. ft. Telephone 01-499 3366.

PERSONAL

EXHIBITIONS

TRAVEL

COMPANY NOTICES





U.S.\$ 20,000,000 Floating Rate Notes due 1987 In accordance with the provisions of the Notes,



KREDIETBANK S.A. LUXEMBOURGEOISE

HYPOTHEEKBANK N.V. 2nd May, 1983

notice is hereby given that for the interest period from March 23,1983 to June 23,1983 the Notes will carry an interest rate of 10 % per annum. The interest payable on the relevant interest payment date. June 23, 1983 against coupon nº 5 will be U.S.\$ 130.17 per Note.

THE ARTS

Tate/William Packer

The essential beauty of Cubism

has just opened at the Tate (until July 10) is as import-ant an exhibition as any we are likely to see here, or anywhere else, in this or any year. A large claim, perhaps, but the fact is unmistakeable in the face of the evidence on the gallery walls.

With Manet, or Great Japan, or Claude Lorrain, such an emphasis is hardly a matter of controversy. With Cubism, civilised assumptions even now cannot be made. For Cubism is Picasso, Braque and all their friends; and it is still in the popular. even the educated mind, the prime demonstration of the Modern Art Confidence Trick, mischievous, cvnical, anti-art, destructive, difficult and

Now Modern Art is no trick and, just so, Cubism is none of those things. The work itself gives the lie, and here it all is, with the very choicest examples procurable set out before us at each significant turn in the story, from the tentative first experiments of 1907, Braque and Picasso moving gradually towards each other, to the final diaspora around 1920. Douglas Cooper and Gary Tinterow, the exhibition selectors, have achieved the definitive representation. If that cannot per-suade you, nothing will.

The first thing to say is how physically beautiful so much of it is, how technically accom-plished. Cubism has been the creature of art history, criti-cism and prejudice for too long, perhaps, and we do well to look gain and hecognise these as the again and necognise these as the things their painters knew and made, paintings indeed before all else. The palette may be restricted, the tones close, but the colour is ever rich and dones the tends of the tones close. dense, the touch delicate, economical, always effective.

Three rooms in the show are given over to the collaboration and parallel development of Picasso and Braque in the years 1909 to 1914, the period of the full resolution of their extra-ordinary restratement of what the painter might see and do, before a freet and more per-sonal synthesis began to displace such disciplined analysis. Even at the intellectual heart of the business, their work to-



The exhibition selectors, Gary Tinterow (middle) and Douglas Cooper, inspect the Portrait of Josette by Juan Gris, a secondary but substantial Spanish Cubist

like" to be "like".

conventional representation, Leger appears strangely Chagal-suggestion or description. We lesque by 1912, and here is have two eyes that see at once, never less than lively and and they see different things, decorative, his monumental and they see different things, or rather they register the same things differently, though those differences are insensibly resolved; and those eyes are never

Only conventional expectation ruled that the painted image should ever remain integral, static, one-sided, viewed as it were forever with a single eye. And the strange thing is that those images the Cubists thus achieved, fragmented, distorted and once apparently all but unreadable, with every year grow clearer. The door was now open for

anyone to pass through, for the

all been there before; rather it there, the story in its later attribution; and yet it is not was a matter of whole-hearted, chapters is one of diversification tanciful to discern in Braque a unself-conscious commitment to and personal development.

a subject not needing to "look From their first appearance architectural cast in the comaround 1911 the minor figures It was a matter of equivalence stray prettily from the number of experience, something of path: Delaunay, Gleizes, villon, rather different an order to Marcoussis and Metzinger,

tubularity still to come. Even Juan Gris, the energetic Spanish Juan Gris, the energetic spanish interloper, after 1912 the most substantial of the secondary figures and the one who kept closest to strict Cubist principles, is singularly influential only in nudging his seniors away from their severity back to a lighter tonality ad a colour-ful valents. Timelity and ful palette. Lipchitz and Laurens quietly carve out and refine the three-dimensional alternative.
But Braque and Picasso are

the heroes of the show and suppiv its substance. It ends as it began, with them, though their paths have by then diverged. There were always fundamental differences be-tween them, but Cubism needed the business, their work to gether generates astonishing aesthetic power and physical excitement. The experience each room affords is the more memorable for being unrepeatable, for such a collection is unlikely ever to be brought together again.

What was new was not really the idea of pictorial autonomy, nor the practical enquiry into the sensation and processes of seeing, for in their several ways

This show confines itself to the

They shared the motif later on? The tease informs the
impressionists and postimpressionists and fauves had immediate circle, but even still notoriously difficult of shaft of sunlight.

position, a restrained, even diffident touch; in Picasso a more iorceful presence, a more active, diagonal emphasis.

Braque remained a Cubist in essence all his life, while Picasso went off in all directions often simultaneously. But Cubism was never a closed orthodoxy, a system or faith, but a way of responding to "the thing seen," and of making Art, that was, is, infinitely adaptable. Cubism remained adaptable. Cubism remained with Picasso too, giving him at once a formal freedom and a structural discipline that together were to characterise everything he did.

Here, we catch ourselves with him looking both ways at once, forwards and back beyond the scope of Cubism as such: with his Man With A Pipe as just one example, painted in the summer of 1911 painted in the summer of 1911 at the high tide of the Cubist analysis, looking back to the harsh rimitive masks of Les Desmoiselles of 1906, and yet clearly taking us on 20 years or more to the surrealist grotesques and distortions. And is there yet a hint of playfulness in the twist and tilt of the ness in the twist and tilt of the moustache, and the bleak stare of the eye, that makes us think of the assembled sculpture even

Obituary/George Balanchine

Clement Crisp

dancer in the retrograd or the early 1920s. Balanchine (his Georgian family name simplified by Diaghilev when he joined the Ballet Russe in 1924) fied by Diaghilev when he joined the Ballet Russe in 1924)
made his first choreographic come to America which proved facts are central to his creatistation at the Petrograd Conservatoire.

A fine dancer, Balanchine was also a fine musician, and in 1924 academic dance in the United with a group of three fellow soloists from the Petrograd to recognised the purity and soloists from the Petrograd to recognised the purity and resulted in the two Stravinsky soloists from which none of the Baltic from which none of the dancers were to return to their native land. Instead, the accepted an invitation to join the Diaghilev of traditional school-land. Instead, the accepted an invitation to join the Diaghilev of the company, and Balanchine's creative genius which were in due time to make the classic movement that scemed its beautiful and logical extension.

It was the invitation from geniuses, to whom the 20th century stands hugely in debt. Two come to America which proved facts are central to his creative move for the classic the next and crucial move for the facts are central to his creative move to return the next and crucial move for the classic the next and crucial move for the facts are central to his creative move to return the next and crucial move for the facts are central to his creative move the next and crucial move for the friend and ideal collaboration of Igor Stravinsky. The freshvals of 1972 and 1982, staged by the New York City Ballet, and his ability to clothe creative genius which were in movement that scemed its beautiful and logical extension.

Mathematical move for the classic the next and crucial move for the classic to root the classic to return the friend and ideal collaboration of Igor Stravinsky. The friend and ideal collaboration of Igor Stravinsky.

The friend and ideal collaboration of Igor Stravinsky.

The friend and ideal collaboration of Igor Stravinsky.

The friend and ideal collaboration of Igor Stravinsky.

The friend and ideal collaboration of Igor Stravinsky.

The friend and ideal coll position of principal (and final) choreographer to the Ballet

George Balanchine died in New York on Saturday. He had been in indifferent health for some time and a fall in his apartment which occurred in November 1982 had severely including the enduring Produgal 1948 into the New York City show his father and been in indifferent health for including the enduring Produgal 1948 into the New York City show his career. With this language in the secone the artistic turning point of his career. With this father and brother were combined his father and brother were combined in the Balanchine was to sense goors. Balanchine was to sense graduated from that same academic dance graduated from that same academic demy seven years later, in 1921, when it had become the Soviet State Ballet School. As a young dancer in the Petrograd of the early 1920s. Balanchine (his Georgian family, name simpli-

York City Ballet.

Between them Balanchine Four Temperaments, in which

Kirstein established a he extended the boundaries and

its own short-lived Les Ballets He was a genius, as Stra-vinsky and Picasso were grinsky and Picasso were geniuses, to whom the 20th cenhis own short-lived Les Ballets

rerto Egrocco, or intense in a late master-work like the Davidsbundlertunge, or grandly melancholic in the expression-istic realisation of the finale of Chatkovsky's Pathetique symphony which was so mysterious an ending to the 1981 Chaikovsky Festival presented by his company.

Balanchine was the dominant

genius in the ballet of our century. His monument is the astounding catalogue of ballets he made for his company, and the company itself and its school — whose identity he so gloriously fixed. It is also in the continuing vitality of the classic academic dance which he

Mistero Buffo/Riverside Studios

Michael Coveney

Darlo Fo has been performing his dazzling one-man show throughout Italy and Europe warnth, grimaces with a satiric since 1969 and no event could be better timed to remind Londoners of the full value and potential of the reprieved Riverside Studios than the christening party (confirmation, perhaps) thrown by this exuberant, stylish and anarchic zany.

The whole event is like a Ken Dodd special scuppered by a cheerfully left-wing blashener. A packed audlence was entirely engulfed by an extraordinary display of anecdotal prologues, demonstrations of the art of the Italian medieval story-teller, or guillare, and the onomatopoeic sound system of grammelot.

To himself is a physical blend

of Barry Humphries and Jaques and hypocritical religiosity is conjured by the actor. Equally twild is the sight of miracle-watchers gathering at the grave of Lazarus, exchanging bets on the possibility of Christ pulling another one off while smughy expressive combination of various limbs as a self-regard.

Evening 18 the extudes an irresistible conjuring disparts to vivid is the sight of miracle-watchers gathering at the grave of Lazarus, exchanging bets on the possibility of Christ pulling another one off while smughy expressive combination of the foot of a hapless monk.

Boniface prepares for a procession while conducting his retinue in a Gregorian chant. On stepping out, in an incident typical of such medieval anachited the art of the Italian medieval story-teller, or guillare, and the onomatopoeic sound system of grammelot.

An entire world of vanity

He restores a good name to media dell'arte, first as the obscenely mountainous meal and waking to feast on a fly whose buzz emerges from a wail of as Scapino tutoring his protege in the manners of the role.

The jargon of the grammelot is a sort of agrated esperanto which Fo invests with the flavour of Italian, or French, or finally, as a lecturing technocrat, of a wonderful, wheezing American drawl that uses great stretches of compressed consonantal improvisation subsiding hilariously into jazzy seat singing. This unmissable treat is at Riverside until May 8.

The Taming of the Shrew/Barbican

B. A. Young

The challenge to directors of the Shrew is how to disguise almost to music-hall level in this the hateful story as good old-fashioned fun. Barry Kyle has done this for the RSC by emphasising the Induction, reminding accreases suggest that Kate's accrease suggest that we can dismiss it all and found a better cold-weather accrease suggest that Kate's accrease sugg

PARIS

Stuttgart ballet company presents Eugene Onegine with Tchaikovsky's music arranged by Kurt Heitz Stolz and choreography by John Cankn at the TMP - Chatelet (261 1983).

Bob Fosse's Bancin': Palais det Con-

gres (758 1458).

Romen and Juliette, choreography by
John Cranko, directed by Georgette
Tentgui - Rides is danced by Paris
Opera Ballet. Opera de Paris

(1425750).

La Belle Heleas in a new production by Alain Lombard at the Opera Comique (2960611).

NEW YORK

New York City Ballet: In his first sea-

son as artistic director as a result of George Balanchine's ill health, Pe-ter Martins presents 40 works from

the company's repertory, ranging from Balanchine's first American work, Serenade (1934), to four pieces premiered in winter, by Mar-

-that we can dismiss it all and found a better cold-weather enjoy it as we should enjoy carol than "In the bleak mida vaudeville act. (The party is sup-

The Body/The Pit

to it by old Mrs May and old Archie Gross. Don't let it fool you. There are warheads in the fields among the sheep, and even glimpses of U.S. Marines.

The meat of the play comes in the second act. Bud, a young Marine, has died of boredom and Mr Darke has allowed him the capacity to speak from beyond the veil, where he is so bored he knows he must be in Mell. The Marine lieutenant realises how bad for discipline it will be if the word gets out that Marines dle of boredom, so he kidnaps Kenneth, who we see in Act I setting off to pick mushrooms and grease the combine harvester. It is the Marine's body the villagers have found. Kenneth is brainwashed into becoming a substitute

Relations between the vil-lagers and the Marines become increasingly complicated, though not without some improbable help from Mr Darke, who has provided a Rector who dresses as a Chinaman (Derek Godfrey)

The first act of Nick Darke's and an ambitious sergeant who comedy tells in a manner sugarrests his lieutenant when that gesting Cold Comfort Form how officer embarks on a plan to playing on Saturday, and it Schumann's lightweight Trio

topher Benjamin), Gilbert the policeman, Kenneth's brotherin-law (David Shaw-Parker).

Kenneth (Clive Wood) has lematic. Nobody has done more

Grace, his wife, provides the only seriously dramatic moment secure as ever. The cut-glass by her death. Pete Postleth-waite plays the Marine sergeant piano-touch dominated the foreand John Bowe the lieutenant.
The direction, which is tidy, is
by Nick Hamm, the design by
Dermot Hayes.

Beaux Arts Trio/Wigmore Hall

David Murray

a body is discovered under a arrest everyone, ask them if bridge in a simple Cornish they are communists, and shoot village, and the complications them if they deny it.

Thave heard Mr Darke's fault, it is an excess of elegance conscious touches compromised. I have heard Mr Darke's work on radio and admired it, and there were things to admire in The Body. The scene-painting of the first act showed comic imagination in its unsophistic cated way. I liked the three men who joined in chorus to sing the views of "The farmers of this parish," though I felt that if they had to sing in rhyme they might have been given verse with more polish. Some apparently interesting people were presented and then Some apparently interesting people were presented and then deserted — quarrelsome Mrs May (Brenda Peters). Archie Gross, Kenneth's father (Christopher Benjamin). Gibbast the

topher Benjamin), Gilbert the policeman, Kenneth's brother-in-law (David Shaw-Parker).

Kenneth (Clive Wood) has little to do but play a parady Marine; Jenny Agutter as Grace, his wife, provides the only seriously dramatic moment by her death Pets Bettleth.

and it actually brought out fea-tures of the music that pass unnoticed with easier, more instinctive playing.

New Friel play opens

A new farce by Brian Friel, ground quite properly, but The Communication Cord. opens Bernard Greenhouse also on Friday May 6 at the Hampmanaged to find pretty rewards beyond what Haydn is com-village of Ballybeg.

Editor's **Proof**

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Opera and Ballet WEST GERMANY

Hamburg Opera: Arabella produced by Otto Schenk has Anna-Tomowa Sintow in the title role. La Boheme sung in Italian has Beatrice Haldas excelling in the part of Mimi. Der Barbier von Sevilla with a cast

Barbier von Sevilla with a cast headed by David Rendall was triumphently revived. (351151).

Frankfurt Opera: This week's highlight is Ariadne Auf Name with Agnes Baltsa as The Composer and Janis Martin in the part of Ariadne. Der Fliegende Holländer is presented with Franz Ferdinand Nentwig in the 1884 and Fidelia has Sahine in the title role. Fidelio has Sabine Hass as Leonore. Die Entführung aus dem Serail closes the week.

(25621). Innich Bayerische Staatsoper: La Cenerentola features Franzisco Ara-iza and Barbara Daniel. Fidello has Hildegard Behrens and Franz Ferdinand Nentwig. Aida conducted by Gian Franco Masini has fine interetations by Livia Budai and Glorgio Lamberti. (21851).

LONDON

Royal Opera, Covent Garden: The Royal Opera's second postwar attempt at Puccini's Manon Lescaut, after all at Puccint's Manon Lescaut, after an its much-publicised birth pangs, is finally revealed to an audience, Kiri Te Kanawa. Placido Domingo, and Thomas Allem take the leading roles, Gaussppe Sinopoli conducts. Last performance of Poulant's Carmelities, with Felicity Lott and Regine Crespin at the head of a splendid cast. (240 1066).

April 29-May 5

English National Opera, Calissum:
Prokofier's Gambler, an early, uneven, but vivid and exciting work,
joins the ENO repertory, in the
third of David Pountney's new productions this season. The conductor
is Christian Badea, and the cast intins, d'Amboise and Duell. New York State Theater, Lincoln Center (8705570).

Paul Taylor Dance Company: Two
world premieres, Sunset and Snow
White, are included in the 24-perior is Christian Badea, and the east in-cludes Graham Clar, Sally Borgess, and Ann Howard. Final perfor-mance of The Force of Destiny, magnificently led by Josephine Bar-stow and the conductor John Man-ceri; more of the company's wall-routined Fiedermaus. (836 3161).

mance season of one of America's veteran modern dance troupes. City veteran modern dance troupes. City Center (55th E. of 7th Av. 581 7907). New York City Ballet: Peter Martins takes the reins of the company pre-senting 40 works from their reperto-ry ranging from George Balan-chine's first American work. Serenada (1934), to four pieces pre-miered in winter, by Martins, d'Am-boise and Duell. New York State Theater, Lincoln Center (870 5570).

Metropolitan Opera: National tour features performances this week of Der Rosenkavaller, Adriana Lecouvreur, and Boris Godunov. Opera House, Kennedy Center (254 3770).

BRURSELS

Le Comie Ory: Theatre Royale de la

Planders Royal Ballet with Balanchine's Brillante and Cranko's Opus 1. Westrand Cultural Centre. tsoper (5324/2655): Madame But tarily, Die Zauberlüte, Capriccio, Volksoper (5324/2657): Die Csar-dasfürstin, Wiener Blut, Der Wildschütz, Das Feürwerk, Gaspa-

F.T. CROSSWORD PUZZLE No. 5,161

ACROSS

7 Label that may be applied to wrestling (3) 9 Gather a crowd, we hear (5)

12 Helps a beast in distress (5) 13 Unnecessary loss of a point irritates (7)

15 Between-maid perhaps (4) 18 Best sort of capital investment (4)

23 Practice gives us time (5) 24 From one's first look, the canal gate is broken (2, 1, 6) 26 In favour of a move that will earn more money? (9)

cern (3) 29 The favourite in form (8, 3)

hash (5)

DOWN

soccer, perhaps (8)

3 Crest of a gamebird having part missing (5)

1 Sort of help that's not fancied? (8, 3) 10 in the study I have a fire-

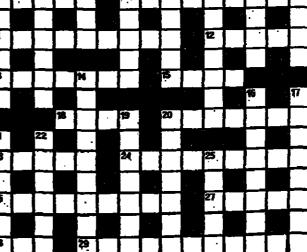
place to blecken (9) 11 Money boxes for fuel bills?

20 Saw about the digs? (7) 27 To avoid it, make a stew

28 Observe the bishop's con-

1 Many a creature seen in 4 wood (8) 2 Side to side movement in 14 Doesn't include signs of

4 Speech might indicate where one's home is (7)



- of this? (7) 6 Shameful devaluation (9)
- ficult problem (6) 8 Agrees to change gun 22 Promise not freely given (6)

spring (6, 3) 16 Rises to announce the exhi-

(6, 2)

5 A name is confused-result 17 Any one of the following

- 19 Like an egg, it's blown (7)
- 7 Steer awkwardly round a dif- 20 Stop being loyal (7) 21 Uproar when a strange cat loses its tail? (6)

The solution to last Saturday's prize puzzle will be published bition's ready for opening? with names of winners next

Solution to puzzle No. 5,159

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Tuesday May 3 1983

Italy's way of progress

NOT ONLY Britain, but Italy too many be holding early general elections this June. The five-month-old Government of Sig Amintore Fanfani had been one of untypical comradeliness and effectiveness and its downfall came as a surprise to many. But it should not have done. The Socialists only consented to its formation last December on the understanding that Sig Fanfani would tide things over until a dissolution of Parliament in the spring. They have been as good as their word, and despite more or less contrived shows of indignation at Sig Fanfani's going, the other parties have agreed with them.

President Pertini has this week carried out his constitutional duty by asking the President Prima Mark Prima Mainister where Italy's 1948 constitution in the real needs of the country. For this reason, an election might see a worrying increase in the number of those who abstain, in the belief that since nothing much will change, there is no point in voting. But if an election is to be beld, now is probably as good a time as any. And it will be outled to streamline the country's institutions by improving parliamentary procedure and shifting power from the party secretariats back to the executive and the Prime Mainster where Italy's 1948 constitution in the number of those who abstain, in the belief that since nothing much will change, there is no point in voting. But if an election is to be beld, now is probably as good a time as any. And it will be streamline the country's institutions by improving parliamentary procedure and shifting the prime the country's institutions by improving parliamentary procedure and shifting the prime the country's institutions by improving parliamentary procedure and shifting the country.

President Pertini has this week carried out his constitutional duty by asking the President of the Senate, the second ranking figure of the state, to see it any possibility remained of forming a new government, which would allow Parliament to run its course to summer 1984. There is probably no pos-

Preoccupation

There is, of course, a depressing sameness about Italian election campaigns, the absence of serious discussion about issues, and the overriding preoccupa-tion with the formula of Government afterwards, in every probaibility similar to what went before. That elections now seem likely is simply because the Socialists have calculated that the moment is best for them, and that to delay longer might cost them votes. Indeed, the one possible novelty of the new Parliament, the arrival of the socialist leader Sig Bettino Craxi as Prime Minister for the first time will hinge to a large degree on how much extra bargaining power the party can secure from an increase of its

Assuming that elections do take place, public life will be paralysed until the formation of a new government, probably not for some weeks after the likely voting day of June 26. remain. They may be beyond

nuclear force.

alliance.

ecurity

is the Mitterand regime as com-mitted as its predecessors to

But the dying Parliament deserves a word of praise. Its four year of life have seen six governments and almost uninterrupted quarrelling between the Socialists and Christian Democrats, those "freres enemis" who will again be obliged to cooperate once the hustings are out of the way. In fact, however, those governments achieved not a little.

The terrorists, it may be said, have been reflects not only the greater expertise of the police.

greater expertise of the police, but the controversial bill providing for less severe punish-ment for captured suspects who ment for captured suspects who cooperated with the authorities. Then again, a malign growth which for more than a decade had eaten into the Italian body politic has been excised with the exposure of the P-2 Freemasons Lodge, and the demise of Basca Ambresians.

of Banco Ambrosiano.

On a more positive note, the country has lately presented a more decisive and creative foreign policy. Not only does Italy seem internally at greater peace with itself than in 1979, but its weight abroad has

Certainly the economy's well known problems of inflation and likely voting day of June 26. remain. They may be beyond The most serious casualty of full treatment. But the agreedissolution would be a draft bill ment last January to modify reforming the "equo canone" or rent control act, which has contributed much to the serious housing shortage from which laly suffers. The circumstance is further grist to the mill of those who accuse Italian politicians of being obsessed likely electoral summer of 1983 with their own short term appears in better health than with their own short term appears in better health than manoeuvrings, and uncaring of it did four years ago.

Why the rates must stay

payer in the land who does not a large part—perhaps 80 per share the sentiment, patticu- cent or more-of the education larly at this time of year when service through a separate the unwelcome and increasingly block grant for education. This large rate demands are landing would leave local discretion on doormats. This makes all the over use of the money and more poignant Mrs Thatcher's allow for the raising extra funds insistence on including in the by councils, if they wished, insistence on including in the by councils, if Conservative General Election through the rates. manifesto a promise on rating

Time and again inquiries, including the Government's own green paper. "Alternatives to Domestic Rates," have come to the same conclusion: while rates may not be an ideal form of local taxation they are the best currently available.
One of the reasons for this is

that the rate fulfils so many of the classic requirements of a good tax; they have a high yield, are very difficult to evade, cheap and easy to collect, and are painfully visible—which aids accountability.

ds accountability.

It is almost inconceivable to badly visible and therefore think of any Government abandoning a tax which meets all these criteria and raises about £13bn a year. But rates do have their difficulties. They notional rental values produce

borne expenditure is now 100 high for the very small proportion of people paying the bill. In addition, there are the time-In addition, there are the time-worn cries from commerce and industry about the impact of rates which, unlike income and

shared objective: to reduce the burden of rates, widen the base of those paying for the local services they receive and modernise the system without

reducing local autonomy or weakening accountability.

Mrs Thatcher's preferred option for meeting this tall order is apparently to cut the rate burden by funding a major distributed burden of local expenditure, such as teachers' salaries, from central government and to introchunk of local expenditure, such as teachers' salaries, from central government and to introduce a local sales tax to supplement, and perhaps eventually system.

TT IS almost 10 years since the Conservative Party decided seriously that it wanted to "do something" about the rates—preferably abotish them, a course repeatedly advocated by Mrs Margaret Thatcher. Mrs Margaret Thatcher. way of removing part of the There can hardly be a rate- rate burden might be to fund

> The other part of the conundrum—an acceptable tax to supplement the rates—is more difficult. The only real contender is a local income tax which could not be introduced before full computerisation of Paye in 1988. There is also the unlikelihood of any political leader. least of all Mrs Thatcher, agreeing to introduce a new tax on income. The other runners such as a sales tax do not lose any of their serious defects simply by being hauled up for further re-examination. A sales tax is unpredictable in

are based on an out-of-date absurd inconsistencies and in-formula of assessment which is all but falling apart at the rebates and DHSS rate payments (through supplementary benefit) on the one hand and people experiencing the full financial impact of local politi-

rates which, unine corporation taxes, do not vary according to ability to pay industry at an avantage.

This makes them, to an extent, a regressive tax.

There is, therefore, a widely chared objective: to reduce the chared objective: to reduce the chared objective widen the base widen the base real cost of their local services. Domestic ratepayers would then have a real incentive to use the

France rejoins its allies

By Ian Davidson

FOREIGN AFFAIRS



President Mitterrand reviewing troops during a military parade in the Champs Elysees

French military contribution, in the event of a Soviet attack on the central front, could only be undermined by a flamboyant refusal to have anything to do mitted as its predecessors to the idea of a strong defence policy, with expenditure rising in real terms by 11 per cent over the period, but it is equally committed to giving top priority to the modernisation and expansion of its nuclear forces. with joint preparations in advance. Behind the scenes, French military men made sur-reptitious efforts to keep in touch with their opposite numbers in the alliance, but in public almost all such contacts were taboo.

Yet there do seem to be two novelties. The first is that French officials are more prepared to concede than in the past that there are, and have In the past decade or so, the uncompromising rigidity of Gaullist doctrine has been considerably softened. After many years of insisting that French nuclear weapons only existed to long been, problems of coherence and consistency in Gaullist defence doctrine. The second is that the five-year loi de programmation militaire nuclear weapons only existed to protect the French sanctuary, the Elysée (under President Giscard d'Estaing) started to concede that French vital interests might well be threatened by an attack which stopped short of the French frontier and in 1976 General Guy Mery advanced the concept promises some structural re-oganisations in France's ground forces which seem to imply a softening of the severe orthodoxy of Gaullist independence from the entangling Nato To the outside world, the in-Guy Mery advanced the concept of "extended sanctuarisation."

Until now, however, this shift in declaratory policy has not been reflected in any significant changes in practice, partly because the defence budget has been too small, and partly because the various proless. consistencies have long been apparent. In 1986, General de Gaulle ejected the Nato head-quarters from Paris and withdrew France from all participation in the integrated defence arrangements of Nato. Not merely would France retain complete freedom of action (or cause the various nuclear weapons programmes have taken too large a share of that budget.

inaction) in the event of war, but its nuclear weapons would be aimed at all points of the compass (tous azimuts), not just at the Soviet Union. On the After the Algerian war, French defence spending declined steadily as a percentage of gross national product, bottoming out in the mid-1970s at around 3 per cent. From 1977 to 1981 it grow in real terms by other hand, France professed to remain a loyal member of the to 1981 it grew in real terms by 3 per cent a year, and although For 25 years the French have sought to reconcile these diverthere were some emergency cut gent doctrines. French military independence was only the French economic crisis, it made possible by the relative now stands at around 4 per cent American nuclear umbrella, and gramme is fully implemented, by the explicit commitment to defence spending should conpreparations for joint defence tinue to increase, if somewhat sustained by the rest of the more slowly, by over 2 per cent

Alliance. It was all very well to assert 4.3 per cent of GNP in 1988.

France's loyalty to the Alliance: For purposes of comparison, but the effectiveness of anythis is a significantly smaller M. CHARLES HERNU: European emphasis

share of GNP than the British become operational in 1994. The defence budget, which runs at around 5½ per cent; but since the British economy is significantly smaller than the French, defence spending in money terms in the two countries is broadly comparable.

Within the total, however, France spends much more heavily on its triad of strategic nuclear weapons: the Mirage nuclear bombers, the land-based nigging and the nuclear mismissiles and the nuclear mis-sile submarines. This year, for example, spending on the nuclear weapons programmes will exceed FFr 19bn (£1.7bn), and account for nearly 32 per cent of all expenditure on military equipment.

The heavy emphasis on nuclear weaponry seems likely to continue. The sixth nuclear missile submarine, the Inflexible, will enter service in 1985 equipped with a new multiwarhead missile, the M4 which



GEN BERNARD ROGERS: praised co-operation

me in Paris: "We have lived too long with an operational incapacity to fulfil our Nato obligations." How, then, is Mirage bombers will receive a new medium-range stand-off new medium-range stand-on missile, and a new mobile land-based missile, the SX, will be developed to become operational in the late 1990s. The short-range Pluton tactical nuclear weapon will be replaced by the longer-range Hades in the early 1990s. France to remove that incapacity? There is currently no question of any formal French integration into Nato as such; that would be far too radical a

the early 1990s. One of the results of this heavy nuclear programme is that the conventional forces have had to make do with relatively short commons. Twothirds of the ships in the French navy are at or near pensionable age, and unkind voices in London argus privately that the French army has been so starved of funds that it could scarcely be expected to make an effective contribution on the battlefield.

That may be thought a wild exaggeration, to be put down to the long-standing love-hate relationship between Britain and France, exacerbated by British irritation at Gaullist pretensions. Yet an authoritative French official admitted to

creasingly acceptable, through-out much of the political spectrum, to admit that the spectrum, to admit that the sanctuary doctrine is untenable, at least in its pure form. President Mitterrand is more pro-European and more pro-Atlanticist than any of his recent predecessors, and M Charles Hernu, his Defence Minister has arrayed that the Minister, has argued that the French nuclear deterrent serves to protect the rest of Europe as well as France. Even M Jacques Chirac, the Gaullist leader, is prepared to say that the security of France depends on the security of Europe, and French civil servants now feel

departure for any political party to contemplate. On the other hand, General Bernard Rogers, Nato's top commander,

caused a little embarrassment

in Paris the other day at a pub-

lic function, when he warmly praised the "extremely close co-

operation and co-ordination" that now existed with the French military forces.

Moreover, it is becoming in-

mention of the word Nato was enough to sow panic among Finally, there is a growing awareness among defence plan-ners in Paris that there is a lot of sense behind the campaign of General Rogers and other American strategists to develop advanced technology conven-tional weapons as an alterna-

able, in private, to mock the bey-day of Gaullism when any

weapons is probably unavoidable, even if it takes place more slowly than the U.S. would like, and France, for industrial as well as military reasons,

trial as well as military reasons, will be obliged to keep in step.
"The hypothesis," according to one military specialist, "is that France would follow the allies in attacking rear echelons, and that means great coordination with the altiance." For if Nato shifts towards a strategy designed to raise the nuclear threshold, it would be involved (to say the least) for

nuclear threshold, it would be invidious (to say the least) for France to cling to a policy based on the early use of nuclear weapons.

So far, the full ramifications of this hypothesis are not publicly spelled out. But an advance indication of the way things may be moving comes in the army repreanisation plans things may be moving comes in the army reorganisation plans set out in the five-year defence programme. On the one hand, the size of the army is being cut by 7 per cent, from 312,000 to 290,000 men, with the aim of switching defence spending from manpower to equipment. On the other hand, a five-division rapid deployment force. On the other hand, a nye-division rapid deployment force, including a helicopter anti-tank division, will be formed, for intervention wherever needed, in Europe or overseas.

If France is seriously moving

If France is seriously moving from a strategy of frontier defence to one which includes the possibility of greater mobility, that certainly seems to imply a large amount of advance co-ordination at the military level. Naturally, for political reasons, French spokesmen continue to insist that there could be no advance commitment to intervene in the event of war, and that the decision would be taken by the French President on the day. French President on the day. But it is hard to imagine that the French army could play an effective mobile role in the European central front without detailed pre-planning with all its principal partners in the Alliance.

The recent activation, for the first time, of the military chapter of the 1963 Franco-German friendship treaty, is obviously an important symbolic gesture in the direction of European solidarity: an attempt to hasten the dissipation of German mistrust of French defence doctrine, and French mistrust of German stalwart-ness. But clearly the content of these regular discussions will take time to evolve, if they do evolve; for the time being they are confined to exchanges of information, with nothing in the way of joint planning. But French specialists do nothing to conceal the arriere-pensee. that closer contacts with the Germans may help to promote co-operation on expensive weapons projects, like a new helicopter or the experimental

ACX combat aircraft.
One senior defence official when it is debated in the National Assembly. The interesting question is, will the tive to tactical nuclear weapons interesting question is, will the for striking rear echelons behind a Soviet attack. At the suspected shift in defence very least, the shift by Nato to greater use of hi-tech guided required to pay for it?

Brack.

Men & Matters

Below stairs

For the first time in their careers Britain's diplomats are having to grapple with the tedicus chores of maintaining drains, fixing leaky roofs, and dealing with surveyors' reports on the 4,000 properties all over the world that make up the diplomatic estate.

conferred

Responsibility for the upkeep of British embassies and diplo-matic residencies, some of which have attracted criticism for their grandeur, fell to the Foreign Office last month when the £70m Parliamentary Vota was transferred from the

Property Services Agency.
Foreign Office officials admit to being amateurs at the good housekeeping game—indeed the diplomat in charge confesses to being innumerate—and the 170 staff who will be moved from the PSA to help our are being welcomed.

The FO freely admits that the elegance of some of the residences hardly present an image of a country whose influence has declined and whose citizenry mas suffered stiff economy measures at home.

measures at nome.

Never the less, the diplomats
are likely to put up some convincing arguments for holding
on to their extragavant resi-

Take the Washington embassy as an example. Not only was it the first to be visited by Ronald Reagan after his election: Al Raig played tennis there during the Falklands war.

Moreover, in the eyes of the

moreover, in the eyes of the Third World, disposal of a man-sion might be misinterpreted as a scaling-down of British interests. And many of the more palatial buildings were gifts from local rulers to Queen Victoria.

Life architecture editor, the best of British will supersede the taste of any ambassador-or, more importantly perhaps. the ambassador's wife.

If the promised strictures and new responsibilities fill the hearts of our representatives abroad with loathing they can at least be sure that they will not be enforced in a hurry. The Foreign Office—devoted to flexibility—is conceding it will take quite some time to get its houses into the new order.

Little will have happened before the Public Accounts Committee reports in a few months' time—when it is widely expected that the Foreign Office will come in for a wigging. The will come in for a wigging. The diplomats are hoping, however, that their estate will escape relatively unscathed when merged in a report with the defence estate (nearly £1bn) and the civil estate (nearly £500m).

Railmen booted

Trade union conferences are not always pondering weighty matters such as pay, jobs, pensions, and who should be the next Prime Minister.

Take the National Union of Railwaymen which this year is at long last holding its annual get-together in Sid Weighell's native Yorkshire—less than a year after he ceased to be the union's general secretary.

The NUR delegates meeting

The NUR delegates meeting in Bridlington next month will be asked to sanction negotiations on a range of rather more When Hoove domestic issues than matters of

It is agreed, however, that The union's branch at Ayr, some will have to go. Eden Scotland, is pressing for a House in Singapore, and "spoilt feed allowance." This Hamilton House in Nairobi, are would be paid to British Rail

most ireportant residences will personal issue of warm protection of a job well done, however, in future be dictated from tive clothing for all members associate director of marketing John Cornforth, the Country 20 per cent of their time. Finally, Ayr wants one pair of free boots for each member of the union, with the option of On the front cover of the two more pairs of BR boots being made available at reduced

rates each year. as many pairs of boots as the attract whole of the British Army. Is there a secret plan to march commuters to work?

Almost awash

Ever since a Midland bank manager locked one of his customers in his office and sent for the police the Midland's "listening bank" publicity campaign has been the subject of a certain amount of merri-ment among rival bankers.

Now I hear from New York that the Midland has been re-Christened the "listing" bank following some jolly maritime goings-on.

The Midland hired the U.S. aircraft carrier Intrepid for an evening to mark the opening of its New York branch—not with any aggressive intention but as a splendid venue for a big

As the evening wore on several bankers swore solemnly that they could detect a slight list to port.

When Hoover recently sent out 10m copies of a give-away magazine called Hoover Your Beautiful Home it little ex-pected it would arouse hostility. After all the trade liked it and consumer response was good. probably highest on the list. staff asked to work long hours
As if that is not enough of an upheaval, the style of the Next, Ayr is looking for a were congratulating themselves Just as the executives at the Perivale, West London, hq.

On the front cover of the book is a close-up of a girl look-ing over her bare shoulder. If that request is granted British railwaymen will be plained, "The naked shoulder using approximately three times —overt sexual messages to attract people to your products."

And what about the elegant woman on page 2 peering out of a living room window from a room furnished by Ercol. There is a tumbler on the table with an amber-coloured liquid. Just a happy middle-class home? Not a bit of it according to the Exeter critics. "The amazingly bored woman looks out from the oversmart home to see if her adventurous husband is returning. The glass in the foreground implies she's been taking to the bottle to cope with her boredom and frustration."

So far it looked like 2-nil to Exeter in the interpretation of dreams,

But then the letter-writers went on to complain about a drawing of a Hoover service engineer going about his business. They commented "When things go wrong only a patronisingly satisfied man can come and repair the machine," Williamson felt entitled to

claim a goal. It just happens that all the Hoover engineers the company's knowledge no female has ever expressed the slightest wish to become one.

Well bred

In the rear window of a very small Fiat, "Re-cycled from a Ferrari".

Observer



The most critical poll for years

By Robin Pauley

RARELY IN Britain's recent political history has the Con-servative Party taken as intense an interest in the results of local elections as this week. Ironically, it is also some time since the electorate appeared to be showing so little interest

no secret of the fact that the final decision about a June general election may depend critically on Thursday's local election results. A good Tory showing, against the normal trend for this period in a LABOUR will be doing well it government's life, would favour an early poll. A major setback might argue for delay—for example the loss of Birmingham to Labour, which would ... and badly if require a 6 to 7 per cent swing to take Simingham to Labour.

vative party officials at Central Office in London will be examining the results in remarkable detail; every local party manager and agent has been sent forms and detailed questionnaires. The first parts are already being analysed: the rest must be sent, post haste, on Friday with a careful breakdown of all voting figures. results, patterns, special notes,

etc.

By the end of the weekend (and perhaps before Mrs Thatcher appears on the Radio Four World This Weekend about the general election.

The four world This Weekend about the general election.

The four world This Weekend about the general election.

The four world This Weekend about the general election.

The four world This Weekend about the general election.

The four world This Weekend about the general election.

The four world This Weekend about the general election. 12,000 wards and the implications. This will be also used during the general election campaign to identify areas where special effort is needed and to indicate where the SDP-Liberal Alliance poses a real threat, a subject with which the Tories are now greatly

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Secretary Section

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times off stage altogether) because of all the speculation

POINTS TO WATCH

THE CONSERVATIVES will be

they gain Darlington and Stock-

they lose Stockport they lose enough votes in marginal Tory towns to give the Alliance the power balance

• it can increase its majority

Newcastle upon Tyne

comes third behind THE ALLIANCE will be doing well

ur and Tories in all regions more than 47 districts and five

it gets less than 25 the vote nationally

marked lack of heat and controversy. There seems to be little excitement, few posters and the phrase "low-key" keeps

on recurring.

Yet it is by no means only at Conservative headquarters that the reverse is true. All the party managers agree that the results will be the most critical for years. The Labour Party knows that

completely eclipsed by the the results will show clearly the Falkands war—the Conservatives gained greatly on wellgovernment in crisis raffier than commenting on the running of their localities.

This year there is no external crisis, but the local contests are off centre stage (and sometimes off stage altogether)

Government vote. Labour is already prepared for discouraging results; its initial shopping list of hoped-for gains was so modest that, translated into general election votes, it would a not return. Labour to hoped for the property of the prope

their initial estimates, but they are not very confident. The results are awaited with equal tension at Alliance head-quarters, or at least at the Social Democrat offices. The Liberals have strong local organisations, look solid in their traditional areas and could gain a good number of seats if not control of many more

But the Social Democrats still badly lack strong local networks parily because of the way the party was created from the top down rather than in the usual way of from the grassroots up. Last year, having been high in the opinion polls, the Falklands War wiped them from the news columns and bulletins and their hopes of local election triumphs were

The attempt to contest every seat at once with grossly in-adequate resources meant that most candidates did not canvass or campaign sufficiently. Even so, their failure was made worse by the old third party albatross—the voting system, in some areas they got more than 30 per cent of the vote but barely a seat to show for it.

Since then the party has never recovered its public support, has fared badly in opinion polls and suffered a serious psychological blow in opinion polls and suffered a ment Secretary, originally hoped serious psychological blow in that the Tories would benefit coming third in the Darlington from giving tenants the right by-election which contrasted to buy council houses. However, much of the difficulty ex-Bermondsey.
The party is more organised

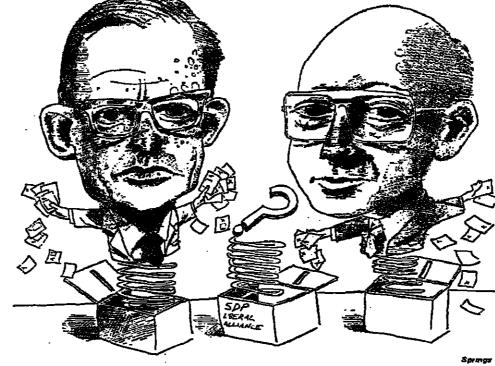
more modest hopes. But it is up for re-election this year, still "thin" in many areas and Many Labour councils have officials admit that failure to been selling council houses for make a significant impact will years—Stockton, a Labour make it very difficult to strong-hold in the north-east make it very difficult to strong-hold in the north-east engender the credibility neces- with ultra-conservative tradisary to boost its vote nationally tional Labour leaders, has been so that it goes above the selling them since 1945, for threshold needed before the example. number of seats won starts to

The task of all the parties has is the privatisation of local already prepared for discouraging results; its initial shopping by the absence of big local
list of hoped-for gains was so
modest that, translated into
general election votes, it would
not return. Labour to power.
Privately, party officials hope
that they may do better than

The task of all the parties has
been made all the more difficult
authority services such as
garbage collection and road
sweeping. There is no indiversial rate increases, most of
this year's rises outside London
have been quite modest. This
that they may do better than

Is the privatisation of local
authority services such as
garbage collection and road
sweeping. There is no indititle task of all the parties has
authority services such as
garbage collection and road
sweeping. There is no indithe debate at Westminster, that
it will have much influence on
woting patterns.

All of this points to the kind



Mr Tom King, (left) the Tory Minister in charge of Local Government and Mr Gerald Kauf-

been left with a large cash "windfall" at the end of the financial year: inflation and interest rates fell faster than ex-pected in 1982-83. In addition, governments always like low rate rises just before general elections and the distribution of grant for this year reflected

this concern. In previous years housing, the chief function of the non-metro-politan districts which all go to the polis this year, has been a major issue. But after government demands for some hefty council house rent increases earlier the recommendation for 1983-84 is only an extra 85p. Mr Tom King, the Environ

with recalcitrant Labour counthis year than last, has selected cils in London. Neither these, targets more carefully and has nor the Scottish authorities, are

> The only other big issueand only half an issue at that

of local poll on Thursday for which local government has become renowned: low voter interest, average poll around only 40 per cent; results based largely on voter perception of national parties, leaders and

policies rather than local issues.

Nevertheless, there is one important, semi-local political consideration. The Conservatives have a chance this year to win control of the Association of Metropolitan Authorities, which in spite of its declining status, still negotiates with central government on behalf of all the metropolitan authorities in England and Wales.

Of the 36 English metro-politan districts 23 are Labour, eight Conservative and in five no party has an overall majority. Of the five which are hung three (Bradford, Rochdale and Walsall) are effectively controlled by the Tories, one (Calderdale) by Labour and one (Liverpool) by Liberals.
Six of the 23 Labour councils

- Barnsley, Doncaster, Gates-head, Rotherham, Wakefield and Wigan — cannot be lost. Only a third of the council is standing for election, and if the party lost every seat at stake it would still have enough left to rule. But it must retain districts. Normally this would be a foregone conclusion, but any swing against Labour puts at least six districts at some risk-Kirklees, Newcastle upon-Tyne, North Tyne side, Wolver-hampton, Leeds and Bokton. On the other hand any swing against the Tories puts two of

their eight districts at risk-Stockport and, most importantly, Birmingham, without doubt the most important prize

this year.

The Alliance is hoping to do well enough at the expense of both parties to create more hung councils, perhaps even with only a few seats, so that it can hold the balance of power, play kingmaker and attract some much needed publicity as a party of authority in some key urban areas.
It cannot, on the seats it i fighting, take overall control of any metropolitan district but if it could hold the balance in cities like Newcastle. Birming-

ham or Leeds it would have made a significant inroad at The Liberals will be hoping with some justification to strengthen their minority leadership in Liverpool, where they have fallen out furiously with the Social Democrats and are fielding candidates against m. They could win control

of Cheltenham and with a lor of luck Chelmsford, Yeovil, Wyre Forest and Worthing. Another complicating factor in all this is that the last time elections were fought in this year's districts was in 1979 when polling was on general election day, the high turnout making comparisons this year impossible to make. The message from all the

parties to an electorate which apears to be not too deeply interested in Thursday's vote is simple: the way the voting goes is very important indeed.

Lombard

Next wage round is crucial

By Samuel Brittan

THE WAGE round after the present one, that of 1983-84, will be crucial It will not only mediate outlook for infation and unemployment. More important: it will yield information on the underlying behaviour of the British economy. Previous reductions in wage infation occurred at a time of very heavest productivity for the whole economy rises by just over a faster recovery it could even dip. A period of falling uneconomy. Previous reductions in wage infation occurred at a time of very heavest at a slower in the control of the manufacture. in wage inflation occurred at a time of very heavy recession. The next wage round is likely to occur when growth is more normal, even though the absolute level of output and employment will still be low. So that round will shed light on the more usual behaviour of

Employment Department figures show the underlying level of earnings increase at around 72 per cent compared with a year ago. But as the inflation rate is still falling, and some relatively low public sector extlement are now being tor settlements are now being fed into the indices, an estimate of 7 per cent for the 1982-83 wage round as a whole looks fairly plausible. The pay round after that will start with the latest inflation figures not far above 4 per cent. But the inflation rate is likely

to be rising rather than falling in the course of that round—to 6 per cent according to the Treasury and to about 7 per cent according to many outside forecasters.

Profits will also be rising—some estimates suggest by about 20 per cent in the course of this year. Employers' ability to pay will depend on the exact level of the exchange rate. But unless sterling recovers a great deal more there will be less pressure on companies exposed than there was in 1982,

The main influence depressing wage settlements will be the high level of unemployment. But most studies suggest that wage increases depend on the rate of change of unemployment as well as on its level. At first glance this looks depressing too. A balance of 29 per cent of the respondents to the latest CBI Survey says that they intend to reduce their labour force in the next few months.

On the other hand it is on the cards that the rate of increase of unemployment will slow down as economic recovery

gathers force. If output rises by 2½ per cent per annum and productivity for the whole

labour and will thus reduce the pressures for wage moderation. Thus the Phillips and Drew forecast of a re-acceleration of earnings growth to around 8 per cent in 1983-85, is not im-possible, although I still hope it is too pessimistic. In fact even the present round of 7 per cent is high by the standards of the U.S., Germany and Japan where pay increases are more like 4 to 5 per cent. Some official economists tend to set off the economists tend to set our the rate of productivity increase against the growth of earnings to give what they call a "core" rate of inflation. The core rate for Britain might then be about 5 per cent now with some danger of it rising next winter.

The most important implicawill be for unemployment. The lowest rate of unemployment which can be durably achieved by conventional economic policy instruments is that rate at which inflation does not at which innarion does not accelerate. (An unavoidable piece of shorthand for it is the NAIRU—the non-accelerating inflation rate of unemployment.)

If wages start to rise next winter it will not necessarily mean that the NAIRU rate is well above 3m. It might be due to the change in the demand for labour rather than its absolute level. It will still, however, be a hint that the minimum rate of unemployment attainable with present policy instruments cannot be too far from the 3m mark, and that a policy of medium-term financial guidelines plus very gradualist legislation on the union front is not enough; and that something more radical, whether from the left, right, or centre will be required. On the other hand if wage increases continue to decelerate-and if any bulge is modest and temporarythere might be some hope for the present approach.

Letters to the Editor

Encouraging internal UK air services

Department of Trade

Hoghton suggested that there is a "bias in ministerial and civil service thinking towards southern concentration." The facts simply do not support such

This Government has been committed to a policy of encouraging the fullest use of regional aging the fillest use of regardar airports and, unlike its predecessors, has taken action to fulfil this objective. In the last full year of the Labour Government (1978-79) total capital expenditure authorised at airports in England outside the south east is estimated to have been just under £5m in the last financial year, under the present Government, 1982-88, the equivalent figure authorised was nearly £50m. Indeed, there is not an airport of any size in the north of England which has

From Mr J. Bourlet.
Sir.—D. A. Robins (April 28),
in discussing Japan's international economic relationships,
uses the now familiar phrase

alerted to its responsibilities as a major trading nation

a major tracing nation.

This has two possible meanings. (1) that Japan should refrain from such practices as "dumping," should bonour international trading agreements.

and should ensure that, her

overall international payments account, which includes both

current and capital transactions

should be neither in surplus nor

deficit taking "one year with another." (2) that trade pro-tection is being demanded by

certain producer interests in

preferred to the word "protec-

Now the world cumulative

Europe against Japanese legitimate competition but the euphemism "responsibility" is helpers

That Japan should

Japan's economic

relationships

From the Parliamentary Under Secetary of State, ensure that these airports have and Edinburgh; and it has ample capacity to meet the issued permits for a range of ecstary of State,

department of Trade

Sir,—In his letter about defluting prothern airports

April 25) Sir Bernard de loghton suggested that there is "bias in ministerial and services."

Sir Bernard confuses the provision of airport facilities with

doing.

In the last four years, the Government has consistently favoured air services from regional airports. It has taken the initiative in Europe to liberalise interregional air services; it has made it easier for charter

services.

the operation of regional air services. One does not neces-sarily lead to the other. The Government cannot compel airlines to mount services where, in their commercial judgement, there is not sufficient demand to make them viable. What it can do is to create a climate in which it is easier for new carriers to start up such services: that is exactly what I have been

rise north of England which has not had a major capital improvement scheme approved during our period in office.

This represents the largest programme of regional airport it has licensed BMA to compete development to have been car
with British Airways on the its role in Government p a major international airport outside the south England.

Iain Sproat.

1, Victoria Street, SWI

1975

1979

1981

.

Since this is, in effect acknowledged and the need to recog-nise both "invisibles" and the "multi-lateral trading picture"

accepted, one can only assume

that meaning number two

1977 1978

applies.
James Y. Bourlet.

Faculty of Commerce, Keio University,

Minato-Ku, Tokyo 108.

Muzzling volunteer

British Legal Association

same period) and in any case service. If Ministers attempt to D. Humphreys.

State period) and in any case service. If Ministers attempt to D. Humphreys.

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State period and in any case service. If Ministers attempt to D. Humphreys.

Stratic rather than even cur- you can imagine what either Camborne, Cornwall

Sir,-The Government's atti-

15-45 Mita 2-Chome

From the Chairman,

current account surplus between 1974 and 1983 of \$18bn of Japan to which the letter refers has been totally offset by capital investments and leave by Japan at the time of the Property of o

-4,693

16.534

-10,748

682 3,680

new international services. In the first five months of this year alone, new air services will have been introduced from airports outside the south east of Oslo, Nice, Esberg, Dussellorf, Bahrain, Bangkok and Australia.

Finally, I must firmly deny the accusation that Manchester's development has been hindered by "official hostility, if not procrastination." Apart from the major capital investment pro-gramme, which has been approved in recent years, traffic et that airport has increased from 3.4m passengers in 1979, to 5.1m in 1982. This growth, I must remind Sir Bernard, has taken place during the depths of a world recession. I have no doubt that, with continued Government encouragement, the airport will continue to expand to meet future growth in demand for air travel in the demann or air travel in the north of England, so as to fulfil its role in Government policy as a major international gateway surport outside the south east of

Stanley Best. 116, London Road,

Southborough, Tunbridge Wells, Kent.

Deployment of

missiles

there any evidence to justify Dr Vaughan's witchhunt?

From Mr D. Humphreys
Sir.—Behind all the politicians' rhetoric on the deployment of intermediate nuclear

missiles in Europe is the simple,

and frightening fact that we have been completely out-

Soviets have been quietly moving their pawns—the SS20

chessed by the Soviet Union.

Cost-cutting in Whitehall

From the Secretary, Council of Civil Service Unions.

piece on April 27 "Civil service to run own budgets," it seems reasonable to ask why, if there is any truth in the allegation of scope for cost cutting in the Civil Service, this has sud-denly become an issue in the fifth year of the Government's term? Perhaps the answer lies in the fact that, in pursuing its obsession to ent staff at all costs (100,000 jobs will have gone in the Civil Service by 1984), it has overlooked for four years better management With civil service managers totally pre-occupied with the "numbers game," ie, staff cuts regardless of consequences, it is little wonder that they have had no time to consider alternative ways of controlling costs.

Sir,-With reference to your

While the civil service pay-bill has fallen by over £1bn during the last four years, other administrative costs seem to have risen alarmingly — why? There is a very simple conclusion to be drawn from this equation: arbitrary staff cuts equal inefficiency. We been exprise this for the past four saying this for the past four years. Perhaps someone will listen now. rent balance deficits: Surpluses: — (Bank of Japan respect of solicitors charged with defending the interests of their clients. Of course CAB

P. D. Jones. with detending the Interest of their clients. Of course CAB workers should not, if they do, engage in party politics while wearing their CAB hats but was 40, Broadway, SWI.

A union-free zone

From Mr D. Stanley

Sir,-I am a Transport and General Workers Union member. None of the membership has been asked by the union bosses if we wanted to ban the placement of nuclear waste in the sea. This just goes to prove how undemocratic the unions have become. My house and area are now a "union-free While America was pontificat-

ing about what should, or should not be the deployments of the queens and rooks, the I wonder if the unions are going to ban the dumping of coal ash from the coal fired stations as this contains an equivalent amount of alpha missiles—so as to completely box we European knights m! And now America wants to emitters. It is very clear to me to which the letter refers has been totally offset by capital investments and loans by Japan overseas (a record remarkably parallel to Britain's over the same of the salaried legal structure of Ministers attended to Britain's over the same of the same of the unions have not done public interest that we, as solicitors, resisted suggestions that the time of the Royal Company over the same of the same o that the unions have not done

Tunstall, Woodbridge,

Gly	nwe	ds
UKpr		
buta		
OV	ersea	IS

Highlights from the statement of the Chairman. Sir Leslie Fletcher to the shareholders of Glv

- UK's trading profits rose by £5 million to £17.682 million, much of this improvement due to severe rationalisation programme which began three years ago.
- Overseas trading profits halved. South African profits fell nearly 40%, whilst U.S. companies suffered heavily from the depressed state of the American economy
- Programme of public works called for to help industry and the unemployed.
- Whilst UK profits should remain at least stable it is difficult to look for too much improvement in Group profits in 1983 unless the US and South African economies revive.

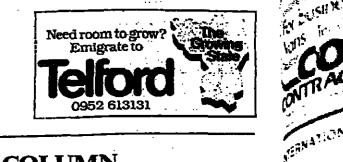
nwed International plc:		
Financial Highlights £'000	1982	1981
Turnover	444,301	368,057
Trading profit	23,751	24,779
Group profit before taxation	13,733	19,232
Group profit attributable to ordinary shareholders	7,281	12,096
Ordinary dividends	6,153	4,799
Group profit retained	1,128	7,297
Operating assets employed	201,436	168,139
Earnings per ordinary share — net basis — nil distribution basis	14.58p 19.49p	18.53p 20.62p
Dividends per ordinary share	7.35p	7.35p

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International

FINANCIAL TIMES

Tuesday May 3 1983



CHEMICALS GROUP SEES UPWARD TREND DESPITE FIRST-QUARTER SETBACK

Hoechst confident of recovery

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemicals group, sees signs of continuing recovery in its performance after serious setbacks in the past

Although first-quarter results are down on those of the same period last year, the company sees them as confirming an upward trend from the trough of last autumn.

Hoechst's experience appears to be in line with the general view of the West German chemical industry, which has lately noted an end to the decline in some export mar-kets and a slight boost in domestic demand, particularly from the building trade and motor-vehicle in-

With Bayer and BASF, the other big West German chemicals companies. Hoechst has already announced lower profits and a cut in the dividend for last year.

Professor Rolf Sammet, the chief

Du Pont

'emerging

from the

recession'

FIRST-quarter earnings of Du Pont, the giant U.S. chemicals

group, fell from \$250m to \$203m - a

level broadly in line with the final three months of 1982. Mr Edward

.Iefferson, the chairman, said that

"for Du Pont, the recession touched

bottom in December and January."

the worst recession since World War Two," he added.

Chemicals, fibres, plastics and

speciality product businesses had

all shown a steady improvement in

demand since early February, Mr

Jefferson said. Earnings in these

businesses had also benefited from

cost reductions and improved effi-

After tax operating income on

these activities was 4 per cent be-

low the level in the first quarter of

1982, but nearly 5 per cent ahead of

segments did a lot better than that:

income from the fibres and polymer

groups recovered by 60 per cent

from 1982's depressed first quarter.

sumer products and from agricultu-

ued to be held back by low operat-

ing rates.

Earnings on the energy side,

which Du Pont acquired through its \$7.8bn acquisition of Conoco in the

autumn of 1981, were sharply lower as a result of falling crude-oil and

refined-product prices. On a com-

parable basis, energy earnings were down by 33 per cent in the

But Mr Jefferson said the group believed that oil prices had stabi-

lised, and that margins on the downstream products were likely to

improve. The outlook for the coal

Du Pont's first-quarter figures

have been favourably affected by exchange gains of \$41m compared with only \$3m a year earlier.How-

ever, this has been offset by the ad-

verse impact on earnings of the strength in the dollar.

Ford pulls out

of plant sale

Continued from Page 1

never disclosed, Nippon Kokan was

thought to be seeking substantial concessions from the United Auto

Workers union, which represents

employees at the plant, before it would go through with the pur-

The Rouge plant, one of Ameri-

ca's ten largest steel maker's, is part of Ford's giant River Rouge ta-cility at Dearborn, Michigan, devel-

oped in the 1920s as an integrated manufacturing complex. Recently, however, only about a quarter of

the steel output has gone to Ford.

The Rouge plant is in need of sub-

World Weather

business remained poor.

Earnings from industrial and con-

the fourth-quarter outcome. Some

We are finally emerging from

down a marginal 0.9 per cent on the same period a year ago.

lisation into which the company to adapt plastics capacity to demand, rather than keep operations going through direct or indirect

Parent-company revenue was down 2.8 per cent at DM 3.16bn. In a result typical of the industry, however, that result was made up of a 1.9 per cent increase in sales in West Germany and a 6.6 per cent drop in export revenue from the export boom period of a year earlier. ent company's pre-tax profits in the first quarter were DM 196m, down

He said profits were still unsatisfactory, but the company neverthe-less hoped that this year would turn out to be better than last year. As another indication of the

3.4 per cent on a year ago.

trend, he pointed out that the narent company's overall utilisation of capacity in the first quarter was 75 per cent. While this was slightly below the 77.5 per cent capacity utilisation a year ago, it was a marked ment on the 67 per cent uti-

foreign subsidiaries had detected a distinct turn for the better in the first few months of this year. There were high hopes in the U.S. that the long awaited upswing had set in.

In West Germany, Hoechst noted an uplift in a number of markets, although Professor Sammet described the recovery as a "delicate flower" which he hoped would not wilt under the pressure of weak ex-

Professor Sammet said Hoechst still faced difficult problems with organic chemicals and plastics. Despite a reduction in capacity, the group had lost DM 220m in its plas-tics operations worldwide last year,

groups have made clear, he said he believed that European manufac-

state support.
Another loss-making area for

Hoechst last year was the Berger paint group, mainly because of the difficult situation in the British paint market On the other hand, Hoechs

group revenue had been boosted last year by pharmaceuticals, dyes, inorganic chemicals and information technology.

Hoechst disclosed that the

group's pre-tax profit worldwide last year was DM 1.07bn down 8.2 per cent. It had already announced that parent-company pre-tax profit fell 5.4 per cent to DM 679m and that the dividend would be cut from DM 7 to DM 5.50 per DM 50 share.

After taxes, the group reported a worldwide surplus of DM 317m, 25.6 per cent lower than in 1981. The

Missing investment manager 'will not return to Britain'

ment manager and commodity speculator who disappeared nearly three weeks ago, leaving debts of about £18m (\$28m), telephoned his offices last Wednesday to say that he would not be coming back. He said he had abondoned his Mercedes car near Heathrow airport, Loudon.

Mr Hunt spoke to staff working for his commodities betting company The Futures Index, less than 24 nours before a team of investigators from accountants Thomson McLintock took over his offices in Warwick and Learnington Spa. The investigators had been appointed by the High Court in London.

Account executives in Mr Hunt's company Exchange Securities and Commodities, which faces liquidation together with five other Hunt companies, estimate that his 2,000 lients invested about £13m in the

last three years.
The profits that Mr Hunt claimed to be making, which average 88 per cent per year since 1978, would add ately another £5m. In the ast eight months the funds placed under Mr Hunt's management more than doubled.

Since last autumn, if not before, none of Mr Hunt's staff or clients saw any of the contract notes showing that he had carried out the transactions on the futures markets as he claimed.

Mr Hunt disappeared after be was unable to produce the notes for Department of Trade officials who visited his offices three weeks ago. One of his oldest clients from not like a normal commodity broking office where you'd see contract

MR KEITH HUNT, a British investment manager and commodity sations with dealers."

Mr Hunt's research staff confirmed over the weekend that, since Christmas, he had lost his appetite for additional data on the price movements of commodity futures and securities stretching back for 40 years. Mr Hunt claimed that his statistical techniques for analysing past price movements allowed him to make accurate forecasts in some

Mr Hunt's last client statement for the three months to March show net profits of 12 per cent, a relatively modest amount by his standards. It has now emerged that the record of profits and losses on his transac-tions, as detailed in his client statements, were merely dictated by him to his accounting staff. There was no independent checking by anyone

On the afternoon of April 14, the day after Mr Hunt's disappearance, his auditors, Chadwick and Company of Manchester, sent an emergency telex to several of the large com-modity broking firms. They asked for details of any positions in the market he had recently taken and requested a reply within 30 mi-

Hunt left he held a meeting in Waran elderly Polish ex-officer living in larly to lay off the bets placed with Oman, who had placed with Mr him on price movements in futures Hunt about £1m on his own and his markets and other indices. This

the client, who began investing last off procedure was hardly ever used. Manchester said yesterday: "It was summer in response to a press ad- This was despite the dangers of vertising campaign, refused to heed betting against professional specu-

Writs were issued last Wednesday against Mr Hunt and 20 of his lly-owned companies on behalf of the six companies which face compulsory winding up. Many of these were obscure dealing companies. Mr Hunt used them to trade in the futures markets to prevent other dealers following him and dis-

"I have created an entire anonymous facade," he said in an interview a month ago.

torting prices.

One of the companies, Revdoc In-estments, was named after a neighbour of his, the Rev Dr G. Cope, who had raised objections to a planning application by Mr Hunt. Copwitham Properties was another Hunt company with a name of simi-lar origin. Mr Hunt also used to trade under a pseudonym, Oswald Dee, the name of a toy gollywog used as his companies' mascot. The most profitable of his compa

nies appears to have been The Fu-tures Index. The provisional accounts for the year to March 31 show pre-tax profits of £1.1m. But the balance sheet shows debts of £337,000 to Exchange Securities and Commodities, the company in which most clients had invested their money. The Futures Index Just over two weeks before Mr was a recipient of last week's writ

In the first year after the compachildren's behalf. was done by opening positions in Mr Hunt warned the client that he should not keep so much money in a high-risk investment fund. But has confirmed, the standard laying-

Turkey near balance on payments - OECD

By Our New York Staff VISA ENERGY Corporation, a Den-

Visa Energy

reports \$4.4m

loss for 1982

visA ENERGY Corporation, a Denver-based energy group that is currently discussing a debt-restructuring arrangement with Barclays Bank International, yesterday reported a \$4.4m loss for 1982 and said its auditors had given a qualified opinion on its 1982 financial statements.
The 1982 results, on revenues of

\$11.8m, refer only to the last nine months from April 1 when Visa Energy began operations in its current corporate form. Year-earlier results are not available.

The oil and gas company said its auditors cited uncertainty over Visa Energy's ability to realise the book value of the oil and gas properties stated in its financial reports and over its ability to continue as a going concern if it did not reach a debt-restructuring agreement with BBI, its main lender.

Visa Energy said it was discussing restructuring its total debt obligation, about \$49.5m. PARIS - Turkey's balance of pay-ments is expected to be near equi-librium in 1983, although high real

interest rates and rising unemployment continue to pose problems for the country's economy, the Organi-sation for Economic Co-operation and Development (OECD) says in a report published today. Terms of trade will improve for

the first time since 1977, with 1983 export growth likely to be almost double that for imports, the OECD said in its annual review of Tur-

But Turkey's past practice of pur-chasing oil on long-term contracts or through barter deals means it will benefit less than other OECD

bank confidence in a country that deficit in 1981, the OECD said. four years ago was lumped with nafour years ago was lumped with nations such as Zaïre as the world's \$6.7bn from \$5.7bn in 1982 and im-

Central bank officials said in March that the country had agreed terms with the International Mone-tary Fund (IMF) for a one-year standby credit to replace a threeyear, \$1.6bn loan that expires in June. Informed sources said Turkey was seeking \$300m to \$400m but of-

was seeking assum to assum but officials gave no details.

The OECD report said: "In 1982, while OECD area gross national product (GNP) stagnated and the balance of payments of many countries." tries became a major concern for policy, GNP in Turkey increased by 4 per cent and the current external

deficit was substantially reduced." Turkey's GNP in 1983 will grow countries from the drop in world oil prices, the organisation said.

Bank financing and mediumterm loans are likely to increase in 1983, reflecting rising international land confidence in a country that

most serious "debt risks."

Turkey was forced to reschedule

ports are expected to increase to Reuter

\$9.3bn from \$8.7bn.

World reflation urged

Continued from Page 1

ministers in Paris next week for discussions on the world economy at the Organisation for Economic Co-operation and Development (OECD) ministerial meetings.

world economy if policies are unchanged, and in its paper for tomorrow's meeting in London, the CBI says that is not enough.

On the other hand, it takes a cautious view of the scope available for expansionary policies without the risk of rekindling inflation. It says a target of 5 per cent annual growth for the world economy, the average sion.

achieved between 1948 and 1973 -would be too high in present cir-In support of its policy of cautious

(OECD) ministerial meetings.

The OECD is predicting growth of 2 to 3 per cent a year for the world economy if policies are uninthe six months to February was

Reagan's policies gain support

By Reginald Dale in Washington WHILE the Democratic onslaught on President Ronald Reagan's controversial Central American policies continued unabated, an opinion poll published yesterday suggested that his strategy might be gaining ground in the eyes of the general

A Newsweek magazine poll taken after Mr Reagan's appeal for bipar-tisan support to both houses of Congress on Wednesday night showed that 44 per cent of Americans approved of his handling of El Salva-dor, compared with only 33 per cent just over a year ago and 43 per cent in March 1981. Those disapproving of his policy have fallen to 42 per cent, from 49 per cent in February

The latest poll showed, however that although 44 per cent thought that Washington should help the El Salvador government, 47 per cent said the U.S. should stay complete ly out" of the country. Two thirds, nevertheless, favoured continuing economic aid, while support for proexonomic and, while support for pro-viding military supplies and advis-ers mounted sharply compared with last year. Only 10 per cent said that U.S. troops should be sent to El

The increased public backing for Mr Reagan's Central American pol-icy coincided with a significant upswing in the overal approvall rating of his performance as President from 42 per cent just over two months ago to 47 per cent in the lat-

speculation that he wants to run again in 1984 by telling a fund-raising dinner in Texas at the weekend that he would like Vice-President George Bush again to be his run-ning-mate if he decides to do so. Mr Reagan's right-wing supporters have been trying to ease the "mod-erate" Mr Bush off the ticket, but a final announcement on Mr Reagan's plans is not expected until

Meanwhile, leading Democrats have kept hammering away at Mr Reagan's Central American policies. They continued to emphasis the need for a negotiated solution involving all parties to the mount-ing conflict in the region, and stressed that further U.S. aid to El Salvador should be contingent on economic and human rights reforms to gain the popular support necessary for the Government's

All six declared candidates for next year's Democratic presidential nomination have now publicly criticised what they regard as Mr Reagan's excessively "militaristic" ap-proach since his nationally tele vised address to Congress. Former astronaut Senator John Glenn of Ohio has delivered the strongest attack, accusing Mr Reagan of misleading the public about the situa-tion in El Salvador.

Former Vice-President Walter Mondale, the current Democratic front-runner, said that Mr Reagan's speech could be viewed with hope only if it represented "a fundamen-tal change in policy," which he doubted. If Mr Reagan did not change his strategy, the situation in El Salvador could only "get worse and worse," he said.

\$200m U.S. placement for BNP

SALOMON BROTHERS has ar SALOMON BRUTHERS has arranged a \$200m private placement in the U.S. for Banque Nationale de Paris (BNP), following its recent success in placing \$150m for the Kingdom of Denmark.

Salomon used a hybrid instrument for both placings, which it pionent of for months ago a a float

neered a few months ago - a float-ing-rate note based not on U.S. Freasury Bill rates, but on the London interbank offered rate (Libor). Since the U.S. "thrift" institution

opened their new "money marke accounts" - which are interes ing current accounts - last December, around \$30bn has been re ceived in deposits. As a result, the institutions need floating-rate as-sets to cover these liabilities. Domestic "floaters" have risen in price and now yield a very small spread over U.S. Treasury Bill ranges, which, in any case, tend to be more volatile than Libor. So there is un-satisfied demand for reasonably stable floating-rate notes in the U.S

market. BNP's floater has a life of seven years, and carries a coupon of % point over three months' Libor. The price, however, is negotiable, and most of the notes have been sold at small discounts to par. Denmark's issue paid % point over Libor, but was sold at par.

It is expected that more Libor-based U.S. floaters will be launched

THE LEX COLUMN

VW's investment switchback

Nothing could illustrate the com-or-bust nature of the motor idustry better than the fortunes of the Volkswagen Group over the las ten years. Since the dark days of 1974, when it was forced to drop its dividend, VW has recovered to go through the whole cycle of runaway success and relative decline. Last week, the dividend went again.

The decision followed the an-nouncement of a DM 300m net consolidated loss for the year to De-cember, the first deficit since the group ran up a DM 960m aggregate loss in 1974-75. The result reflected a grim series of catastrophes in its American markets. Sales in the U.S. dropped by almost a third, both Mexico and Argentina ran deep in-to the red, and the group was forced to embark on a further round of heavy write-offs – around DM 350m in the U.S. and DM 100m each in

Brazil and Argentina. VW's highly conservative provisioning policy for these problem areas mean that the net loss figure can be taken with a pinch of salt Indeed, German analysts calculate underlying net profits (before extraordinaries) last year at around DM 1.50 a share, or DM 36m, a figure which VW itself vehemently rejects as irrelevant on the grounds that extraordinary items reflect a true cost and that it does not operate on a formal system of replacement ac-

counting.

But whatever the wrangling over the profit-and-loss account, VW has clearly faced a heavy cash outflow over the last three years. The critial change came at the beginning of 1979, when the group was still earning excellent profits but was moving into another of the periodic remodelling cycles which send hudders through motor company shareholders. This time round there has been none of the panic

which characterised the frantic scramble to replace the Beetle. But the stakes have been just about as high: the effectiveness of this new production investment aimed at more flexibility, lower costs, and longer-life plants, will be a key competitive factor over the next decade. Volkswagen has been unable to

finance all of this from its own ongoing operational resources, parti-cularly after the disastrous diversi-1978 and 1980, group fixed capital expenditure took a dramatic leap from less than DM 2bn a year to well over DM 4bn. Cash flow has rapidly slipped to well short of that, leading to an underlying outflow of roughly DM Ibn a year from 1980 to 1982. While disposals and tighter stock controls have both yielded funds - around DM 500m and DM 300m respectively in 1982 - the difference has been largely made up by plundering the cash hoard. Li-quid resources stood at almost DM

ance sheet date, they were down to While VW still has some way to run with its retooling programme, the peak should now have passed, with the launch of the replacement Golf, due later this year. Even so, hanging over this enticing picture

Ton three years ago. At the last bal-

squeezed in overseas markets. company that prefers not to play

VW's financial stability that even after this growth, all but DM 600m of its variable-rate bank liabilities were covered by cash. But the com-pany would still like to move back towards more permanent long-term finance. Its target is to achieve two main ratios - the ample coverage of fixed assets by long-term liabilities: and the maintenance of equity at about 25 per cent of total group liabilities, including its massive pension commitments.

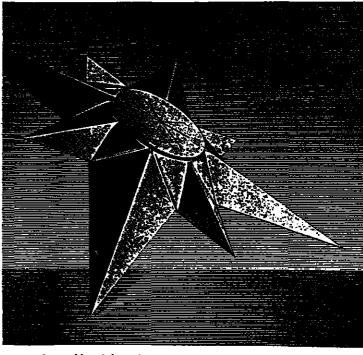
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The asset cover ratio has already been improved with by the recent flotation of a DM 200m 7% per cent Eurobond which has brought fixed assets and long-term liabilities pret-ty much into balance. Even so. VW is aiming for another 10 per cent cover at group level, raising the question of whether it will opt for fication into the Triumph-Adler of-fice equipment company added a further strain on its funds. Between 1978 and 1980, group fixed capital and the equity ratio is currently only slightly under target. But with profits recovery tentatively pen-cilled in for 1984, the market is scenting a resumption of dividends next year and a swift rights issue to plug the cash drain.

With luck, the equity base should by then be recovering under its own steam anyhow, as it did after the new model launches in the mid-1970s: in that period, VW's group re-serves leapt from a low point of DM 2bn in 1975 to DM 4.8bn in five

After its recent drastic surgery and the strengthening of the Euro-pean dealer network, VW ought now to be well geared to the market upturn expected over the next 18 months. Yet there is one big query spending remains high, and there is the problems of the U.S. operations, likely to be yet another sizeable where the recent sale of VW's outflow as profits continue to be planned new assembly plant is an implicit admission that something The group argues that dipping in- has gone deeply wrong with the to its cash balances is a perfectly plan to capture 5 per cent of the natural process for an industrial market. A new product strategy is now emerging; but from now on, banker. Its concern over the bal-ance sheet lies much more in the at the U.S. before deciding whether structure of its debt, which moved sharply towards short-term borrowings during 1982. It says a lot for cash roll in.

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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday May 3 1983

CANNING CHEMICALS METALS **ELECTRONICS**

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INTERNATIONAL CREDITS

Colombia takes new project loan route

BY PETER MONTAGNON IN LONDON

COLOMBIA is in a bind. Bypassed lending climate, as well as the type by the debt crisis in the rest of Lat- of project that can readily attract fiin America, its external finances have remained extremely sound; yet generally poor conditions in the syndicated loan market have made it extremely hard for Colombia to borrow money from international

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An attempt by the Government earlier this year to raise a \$80m loan did not meet with a single bid from the banking community.

Elsewhere in Latin America, Brazil has so far met with little success in increasing interbank deposit lines to branches of its banks

mark of the profound distaste now being shown by international banks for loans that represent pure bal-ance of payments finance.

To get round this problem, Colombia appears to be adopting a Current thinking is understant. route that may increasingly typify banking business with the developing world. It is planning the financing of a major project which will result in the standard of interbank deposits. This issue is expected to be discussed by a quire both export credits and ac-companying Eurocurrency finance. new meeting of leading bank credi-tors in about a week's time.

At stake are contracts to build the proposed \$650m subway system in the provincial city of Medellin. Bidmeeting in New York amid hopes of At stake are contracts to build the ding for the project is still at an ear- being able to work out more acculy stage, but already some banks rately how much of the country's are showing an interest in arranged debt will need to be rescheduled. ing the finance.

Not only are such project loans some \$10bn, but it is believed that less risky than balance of payments Venezuela may have leeway to refinance, they are also attractive to

signed a \$100m British export credit line assembled by Lloyds, Barclays and National Westminster for ing a mandate from Spain for its

its coal concern Carbocol. keen to gauge the scope of such nances back business in a generally restrictive time being. **EUROBONDS**

Euro-borrowers ride high on equity market boom

NOTHING excites investors more at the moment than the chance to make money on the "raging buil" equity markets. Last week, the Eurodollar bond market rose superbly to that challenge. Six equity-linked bonds were issued out of a total of 12 next issues. Prestigious subway projects which generate no foreign currency 12 new issues.
Of those six, four carried warpayback are not necessarily as easy to finance in 1983 as they were in

rants to buy shares and the other two were normal convertibles. the days when the loan market was First came a \$100m issue with warrants from Seagram, which increased to \$125m within a matter of traded as high as 107 at the begin-ning of the week, before falling back to par as the price of Seagram stock fell.

By Thursday, the borrowers had got into full swing. The long await-ed Degussa issue finally arrived – a \$50m, 10-year bond with a coupon of 8% per cent at par, led by Dresdner Bank. Each bond carried two warrants to buy a total of four Degussa shares at DM 320 each - only just below the share price of that day. The issue soared in the pre-market, reaching levels as high as 124 at

Credit Suisse followed suit on the same day with a \$100m, seven-year, warrants to buy Seagram shares at S37 apiece – a premium of 16% per cent over the price at the time of issue. The bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond with its warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a search of the bond warrants to buy one Credit Suisse share at SwFr 2.200 a about 9 per cent over Thursday's share price. The bond followed Degussa's example, climbing to over 110 in the pre-market.

6 month Euro currency interest rates D-MARK FRANC 1983

came Deutsche Bank on Friday, which launched two simultaneous deals in the dollar and the D-Mark Hot on the heels of Credit Suisse markets. Both were equity-linked, DM 347, the warrant exercise price get away with a coupon of around

The dollar issue followed Credit of around 115 on Friday.

The process by which dealers

Suisse's example, reaching a price

eight year \$400m bond carried a 6%

reach pre-market prices on bonds such as these is a complicated one, but seems to produce consistent results. The interesting feature of all last week's warrant bonds whether the exercise price of the warrapts was set at a premium or a discount to the share price - was that the gross cost to the bondholder of exercising the warrant came to a premium of between 30-40 per

allowing holders to buy Deutsche
Bank shares at DM 335 each.

Cent over the current share price.

For example, Credit Suisse, on a For example, Credit Suisse, on a

represented a saving of DM 12. The eight year \$400m bond carried a 6% the 7 per cent bonds, stripped of per cent coupon at par and the DM their warrants, would have to trade 240 issue paid only 3% per cent at around 85.

As the bonds, cum-warrants, were trading on Friday at 110, the warrant element is therefore 25 per cent, or \$250 worth of a \$1000 bond.

Added to this \$250 for the package of 10 warrants is the premium payable over the share price. When the bonds were launched on Thurs-day, the price of Credit Suisse shares was SwFr 2020, while the warrant exercise price was SwFr 2200.

Buoyed up by lower Eurodollar deposit rates and a reasonably strong New York market, the Eurodollar secondary market gained over a point during the week.

In Europe, however, the secon-With a share price on Friday of straight dollar bond, could probably dary market closed unchanged on the week, with little turnover.

lines to branches of its banks This seems strange for a country with a debt service ratio of only 15 per cent and stated reserves of \$4.5bn, almost half its total foreign debt of \$9.9bn. In fact it is simply a March's \$514m surphys. Others are moving nearer towards acceptance that the multi-billion dollar Brazilian debt rescue package may have to be adjusted to place less empha-

Current thinking is understood to

Estimates have put the amount at pay at least some of its debt this banks seeking to cement relation-ships with corporations in supplier countries.

Earlier this month Colombia

pay at meast some of its next this year. Rescheduling talks are still dogged by uncertainty over the country's willingness to adopt a conditional International Monetary

forthcoming \$500m credit, but Por-Its efforts to satisfy foreign borrowing needs with export and project finance are, however, likely to be closely watched in the international banking community, it is Settlements, this should put its finances back on an even keel for the

· ·						CURRENT INTE	RNAT	IONAL BOND ISSU	es						
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NEW ISSUE

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EUROMARKETS

Swiss lenders soak up Japanese convertibles

BY ADRIAN DICKS IN LONDON

YOU DON'T have to be Japanese to borrow money in Zurich these days, Swiss bankers insist. But in the absence of the U.S. and European corporate names which the market might in theory prefer, investors have been snapping up the Swiss franc paper issued by Japanese companies of whose activities, and even names, they would probably have been totally unaware only a few months ago.

More than once during the past couple of years, Japanese borrow-ers have earned the reputation in the Euromarkets of pushing a good opportunity too far. In the Swiss franc foreign bond sector, bankers agree with the benefit of hindsight that the point of saturation for straight issues was reached soon after the turn of the year.

Instead Swiss investor interest has shifted massively to convertible issues by Japanese corporate borrowers. On the back of the buoyan-

cy of the Tokyo stock market, the Swiss banks appear to have had no difficulty in placing upwards of 25 such issues so far this year (or nearly half of the total number of Swiss franc foreign issues).

For the most part, these have tak-

en the form of private placements, whose total value (on behalf of all borrowers) is reckoned to have out-run that of the more expensive and cumbersome public issues in a ratio of about 3.2. There are several rea-sons for this. Private placements need not be submitted to the approval or the queueing system, of the national bank. As a result, the major banks, which form the socalled "big syndicate" of primary market issuing houses, can sidestep the limitations put on their com-manding share of the public issue by the central bank late last year.

The business has something to offer all parties. For the Japanese borrowers, convertible private

U.S. \$100,000,000

GenFinance N.V.

(Incorporated with limited liability in The Netherlands)

Floating Rate Notes Due 1987

Guaranteed on a Subordinated Basis

as to payment of principal and interest by

Société Générale de Banque S.A.

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th April, 1983 to 31st October, 1983 the Notes will carry

an Interest Rate of 9%% per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$245.70.

Credit Suisse First Boston Limited

placements in Switzerland offer cheap money - currently around 31/2 per cent - with the attraction that the debt is unlikely to be held to maturity but will be turned into the equity they need to strengthen recession-battered balance sheets. The currency risk is evidently judged to be acceptable.

For investors, the convertible pa-per offers only slightly less than the current 4% per cent being paid by Swiss governmental borrowers, with the compensation of conversion at a modest 5 per cent average premium into equity in a rising market.

able to place the paper with the better-off and more sophisticated section of their private clientele, as well as with the institutions, and in the absence of a fully-fledged secon-dary market, the banks each undertake to buy back notes whose issue they have led.

Non-recourse **Euroloan for** Ashton Mining

MELBOURNE — Ashton Mining has mandated Chase Manhattan to arrange a Euroloan of up to U.S.\$175m for its share of development costs for the Argyle diamond mine in Western Australia.

The mine, at Lake Argyle, started limited commercial production this year and a formal decision on the A\$450m (U.S.\$390m) development of the main stage is expected next month, Ashton said.

The loan will be a nonrecourse facility with Ashton's interest in the mine as the sole security for lenders. Ashton said it will be the first

time such a facility has been used to fund the development of a diamond mine.

The company has a 38.2 per cent interest in the scheme which is managed by Rio Tinto Zinc's Australian unit CRA with 56.8 per cent. Northern Mining hold the remaining five

U.S. BONDS

Renewed confidence unshaken by \$15bn Treasury refunding

renewed bout of speculation about the discount rate which

currently stands at 8.5 per cent. The Fed intervened in the mar-

ket to supply temporary reserves on three successive days last

The \$15bn refunding package of new securities which the

market must absorb starting to-

The package, designed to raise \$9.8bn in new cash towards the \$40.5bn target for

the quarter, comprises \$6.5bn

of three-year notes auctioned

time in taking advantage of the current market climate to

step up the pace of bond issuance and further restruc-

in April the volume of new public corporate bond offerings was close to the \$6.1bn of October 1982 exceeded only by

With corporate bond prices

marked up by more than a point last week a flood of new issues was launched onto the market and appears to have been mostly well received.

Among the new issues Northern Indiana Public

Service Company launched a \$100m issue of 11.2 per cent first mortgage bonds, W. R. Grace offered \$100m of 11.75

Barclays North American

and Security Pacific launched a \$200m issue of three-year 10.25

per cent certificates of deposit priced to yield 10.35 per cent.

Paul Taylor

the June 1980 volume.

of the market.

THE MOOD in Wall Street's statement week average to 8.58 credit markets was unusually per cent last week was sufficient bright towards the end of last to encourage some bold stateweek. Although the equity markets were grabbing the lime.

All this has encouraged a markets were grabbing the limelight there has been a distinct
change in bond market sentiment over the past four weeks.
Short-term rates declined for
the third week running with
three month Treasury bills
closing at 8.02 per cent. Corporate treasurers flocked to the
market with a healthy \$1.75bn
of new issues and the Treasury
long bond gained over a point
to close at around 100; to yield
10.36 per cent.

10.36 per cent.
There was even renewed speculation about a discount rate cut—not this week or next, but maybe sometime this quarter. All this despite the slightly larger than expected. Treasury refunding which hursts upon the market today. which

The weatherman, the Com-merce Department statistics office and the Fed appear to have brought about a renewed burst of confidence in the credit markets sufficient, at least for the moment, to ensure that the market enters the refunding in reasonably healthy shape. Last week dealers bid up the when issued price of the new package of securities by }

of a point and more,

Underpinning the resurgence
in marker confidence last week
were four main factors. The economy, money supply figures. inflation, and interest rates. The money suppy figures are beginning to look a lot better, even to those who were shouting fire just a few months ago. The much larger than expected \$2bn decline in M1 announced on Friday continued the recent trend of slowing monetary

At the same time inflation figures continue to look good and short-term rates fell again slightly last week. Although the Fed funds rate remains sticky the 12 basis point drop in the

erowth.

Dutch to invest Fl 460m in **Volvo Car**

THE Dutch Government has agreed to provide an additional F1 460m (\$165.7m) of support for Volvo Car, the state-owned carmaker. The money will be used between 1984 and 1986 for the development of a new model. A further F1 158m is to be

made available by the Volvo Car Corporation of Sweden, which has a minority holding Negotiations on the form of Negotiations on the form of the extra support have yet to be completed. The Government previously injected cash into the company—separated from the Swedish group in 1981—on the basis of a future share in profits. It has since recouped much of its investment. Volvo of Sweden continues to co-operate with its former Dutch subsidiary inproduct development and marketing.

of three-year notes auctioned today, \$4.75bn of six-year notes on sale tomorrow and \$3.75bn of Treasury long bonds on Thursday. The Treasury is also expected to announce the details of a one-year note auction on Friday.

In the meantime corporate treasurers have wasted little time in taking advantage of marketing.
The financing will be made in two tranches. Initially, the share capital of Volvo Car will be raised by FI 250m to FI 550m. All the resulting new shares will be added to the state holding. Through Dutch State Mines and the National Investment Rank. National Investment Bank, the state will increase its stake to 70 per cent.

Volvo of Sweden, which has already invested substantial capital in the Dutch venture, has been receiving royalty payments amounting to 1.5 per cent of sales.

New arrangements have still to be worked out concern-ing royalty payments and profit participation.

• Daf Trucks, the Dutch commercial vehicle manufacturer, recorded a 1982 net profit of Fl 1.84m (\$663,000) compared with Fl 1.22m a year earlier, on sales slightly up, at Fl 1.63hn.

per cent 25-year debentures priced to yield 11.865 per cent, and General Tire and Rubber launched a \$75m issue of 12.25 per cent 20-year debentures. Average market share in the 10 Western European countries in which Daf is established rose last year from 6 per cent to 6.8 per cent. In the Netherlands, market share edged up from 36 per cent to 36.2 per cent. Capital Corporation launched its \$400m issue of 11.625 per cent 20-year debentures priced to yield 11.69 per cent. First Interstate Bancorp issued \$50m of nine-year floating rate notes Sales in Europe generally were up on 1981, despite a 7 per cent fall in the demand for trucks over nine tonnes. But this improvement was more than offset by a fall in sales to Africa and the Middle

Memorex threatens closure in Liege over hours dispute

BY PAUL CHEESERIGHT IN BRUSSELS

strike by its employees.

strike by its employees.

Any decision to close its operations would be a check to the Belgian Government's plans to attract high technology industry and the policy of the Liege authorities to draw in new industry as a means of redressing a back-breaking municipal deficit.

The Memorer management its expansion plans and decided not to proceed with research to the top proceed with research to the proceed with research t

employment.

"The issue now is not how

MEMOREX, the Liege producer and distributor of computer equipment in the Burroughs Group, is considering the closure of its Belgian operations after a six weeks strike by its employees.

The Memorex management The Liege management has and unions have been in been told to ascertain whether dispute about the application of the workforce is prepared to the Government's policy to reduce the working week in but for the duration current order to create room for new employment

employment.

"The issue now is not how many hours should be worked but whether we should continue or not continue our operations in Belgium," said Mr Jean Renard, the managing Memorex unions want 35. The Memorex has annual sales of BFr 3.2bn (\$6.5m), of which \$96 per cent is exported. It manufactures at Liege computer magnetic tapes and disc packs and assembles computer wages.

began.

Working hours in the sector throughout Liege are 36 a week. The Burroughs' unit in Liege has settled at 35.5. The Memorex unions want 35. The Memorex has annual sales of More than im workers in Belgium are covered by agreements cutting the length of the working week by an average of 2.5 per cent. They lose no wages.

Swiss banks' earnings ahead in first quarter BY JOHN WICKS IN ZURICH

SWITZERLAND'S five largest banks recorded higher earn-ings in the first quarter of 1983 than for the corresponding period of last year. Union Bank of Switzerland,

Union Bank of Switzerland,
Swiss Bank Corporation, Credit
Snisse and Swiss Volksbank
have all reported an overall
rise in profits for the period, to
which all fields of activity
contributed. Bank Leu does
not specify an increase, but
announces a "favourable development" of its earnings from
interest commission and the interest, commission and the foreign exchange and precious

metals sector.

Although no bank is prepared to give a forecast for the year as a whole, it is generally

year's record figures. As the biggest bank, Union Bank of Switzerland says in its first quarter report: "The satisfactory earnings trend is expected to continue in the second quarter."

While the banks do not publish profit figures on a quarterly basis, all have disclosed an increase in balance-sheet totals for the period. Total assets rose by 3 per cent to SwFr 109.4bn (853.1bn) at UBS, by 6.8 per cent to SwFr 103.4bn for Swiss Bank Corporation and by 2.7 per cent to SwFr 75.5bn for Credit Suisse.

The two smaller banks, Swiss Volksbank and Bank Leu. assumed that 1983 ought to showed respective increases of result in another very good 0.1 per cent to SwFr 18.7bn profits showing following last and 5.6 per cent to SwFr 9.9bn.

Agent Bank

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR		Change on
STRAIGHTS Amex 0/5 Fin. 10% 90	Issued 100	Bid Offer day week Yield 981 981 +01 +01 10.53
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58 (Andlin Gally G. 25 Trim. To 196 Flori
43 83	Average price changes On day 0 on week 0
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51	OTHER STRAIGHTS Issued Bid Offer day week Yield
50 36	
97 33	Farm Credit 12's 53 C5 50 1101's 102's -0's +0's 11.74 Interv. Pine. 12's 53 C5 50 199 99's -0's +0's 12.38
69 1	Pancanadian 121 93 CS 50 1100 100 0 +04 12.45
95 47	CEPME 12 ¹ , 90 CS
25 40	Trans. Mont. 12½ 90 CS 20 198 99 0 0 12-83
94 :	Queb. Prv. 111, 89 ECU 50 953, 964, 0 -01, 12.42
56 6 9 22	Austria 77, 88 Fl 100 994, 994 - 072 - 07, 7.65
22 85	Nederland Gas 7-2 88 FI 100 959-1909 -04 -05 -05 7.56 Neder, Midbk, 91 87 FI 160 1041-1041-0 -01 8.06
46	Quebec Prov. 712 88 FI 100 98% 99% -0% -0% 7.75
37	OKB 14 86 FFr 400 997, 1007, -0% -0% 13.76
44 76	Solvay et C. 144 86 FFF 200 1004 1014 0 0 14-31 BFCE 144 87 6
90	CECA 131, 88 £
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32 04	Fin. for Ind. 124 88 E 30 1034 1044 -04 705 11.20 F Mat. Qranj. 124 82 E 30 100% 101% 0 +0% 12 39
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86 17	© The Financial Times Ltd., 1983. Reproduction in whole
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EUROBOND TURNOVER							
(nominal value in \$m)							
	Cedel	Euro- clear					
U.S. \$ bonds							
Last week Previous week	4,563.1 5,085.2	10,125.2 11,982.4					
Other bonds							

* No information available... previous day's price.

Last week..... Previous week 1.344.0

> † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective.
Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Deconvertible Bonds: benominated in dollars unless
otherwise indicated. Chg. day =
Change on day. Cnv. date=First
date for conversion into shares.
Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Per-centage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares. The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV: Credit Commercial de bank NV: Credit Commercial de France; Gredit Lyonnais; Commerzbank AG: Deutsche Bank AG; Westdeutsche Landesbank Girozentrale: Banque Generale du Luxembourg SA: Banque Internationale Luxembourg: Kredietbank Luxembourg: Kredietbank Nederland NV: Pierson. Heldring and Pierson: Credit Suisse/Swiss Credit Bank: Union Bank of Switzerland: Union Bank of Switzerland:
Akroyd and Smithers: Bank of
Tokyo International: Chase Manhattan; Citicorp International
Bank; Credit Commercial de Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV: Deltec Securities (UK); EBC; First Chicago: Goldman Sachs International Corporation: Hambros Bank; IBJ International; Kudder Peabody International; Kudder Peabody International; Merrill Lynch: Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on April 29

Portals-15 years of broken profit grow

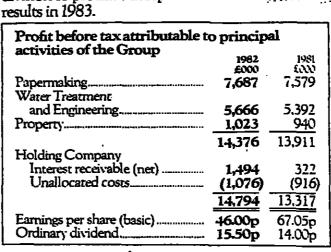
Record sales and profits in 1982 were earned by persistence and innovation...There were very few windfalls...We sell our products in 150 countries of the world...Despite over-capacity in our industries, which makes winning orders difficult, most of our companies started 1983 in good shape. -Julian Sheffield, Chairman

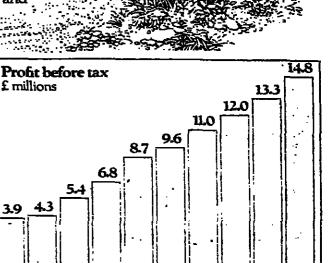
Water Treatment & Engineering Division

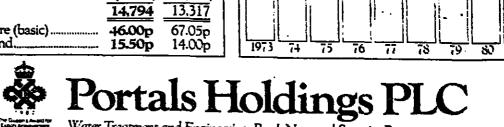
Turnover increased 10% from £106m, in 1981 to £116m. in 1982. Trading profit rose from £5.4m. to £5.7m. Some companies specialising in water treatment produced excellent results and the majority reasonable levels of profit. Our engineering companies lost money. We anticipate considerable profit growth from this division.

Papermaking Division

Sales increased from £40m. to £46m. but profits before tax were similar to 1981. International competition put margins under pressure. However, continuing capital investment and product improvement should enable this division to produce acceptable







Water Treatment and Engineering, Bank Note and Security Paper Copies of the 1992 Report and Accounts are available from: The Secretary, Laverstoke Mill, Whitchurch, Hants. RG28 TNR

Tenfold increase in ENI net deficit for 1982

BY RUPERT CORNWELL IN ROME

owned energy agency, set the seal on a wretched 1982 by announcing a net loss of L1.737bn (\$1.2bn)—more than 10 times greater than 1981's L170bu deficit.

L170bu deficit.

The record loss principally reflects the group's enduring problems in the chemical sector. Part of the explanation lies in the costs incurred by the ending last year of ENI's agreement with Occidental Petroleum in the chemicals field. But on an operating basis the deficit of the chemical division in 1982 rose to L700bu from L464bu.

Sig France Particular in practice ENI has had to absorb surplus productive plants of the heavily indebted Sir, Liquichimica and Monti concerns, the principal victims of Italy's notorious "chemical war" of the early and mid indebtedness had reached a record level of L19,119bn, while consolidated sales rose by only 13 per cent to L41,914bn. Sectors other than absorb surplus productive plants of the heavily indebted Sir, Liquichimica and Monti concerns, the principal victims of Italy's notorious "chemical war" of the early and mid indebtedness had reached a record level of L19,119bn, while

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Sig Franco Reviglio, chair-man of just three months—and minerals and

ENI, THE huge Italian state the seventh chief executive in (1230bn compared to 1132bn) only five years—also blamed the and losses on unjustified burdens (L37) placed on the group for political Bar

motives.
In practice ENI has had to absorb surplus productive

13 per cent to L41,914bn. Sectors other than chemicals to show losses included

(L376bn against L93bn).

Basic oil production and refining business were affected by the lira's weakness against the dollar, and tight Government controls on warm prices. the dollar, and tight Government controls on pump prices.

As usual the few bright spots came from the specialist engineering subsidiaries like Snamprogetti and the pipeline concern Saipem.

Sig Reviglio disclosed that total investment by the group reached LA.636bn last year. Investment in Italy alone jumped 45 per cent to L3.247bn.

jumped 45 per cent to L3,247bn. Chemicals absorbed L496bn of new capital spending. Total depreciation reached L2,800bn

Olivetti lifts profits and payout

BY OUR ROME CORRESPONDENT

OLIVETTI, Europe's largest office equipment manufacturer, has reported a small increase already announced, climbed to in parent company net profits for 1982 and higher dividends year's consolidated accounts, for its various categories of which are still being audited, shareholders. It described its show a sales increase of nearly annual financial statement as "one of the best achieved by the company."

Ordinary and preference

L94.1bn (\$64m) last year from allocations for research and development rose to L118bn from L1362bn. Last pany said.

The company was at pains to demonstrate the improvement in group fortunes since 1978, when Sig Carlo de Benedetti became its largest shareholder a similar basis rose to L102.8bn

ordinary and preference from L96.5bn a year earlier, shareholders will receive L200 despite difficulties in some per share, compared with L180 markets as a result of the for 1981 and L140 for the 1980 international economic recessionancial year. Holders of consolidated earnings on Net consolidated earnings on a similar basis rose to L102.8bn from L96.5bn a year earlier, shareholders will expect the consolidated earnings on Act consolid

financial year. Holders of convertible savings stock will profits reached L328bn, up from including profits reached L328bn, up from including profits reached L328bn, up from advanced the Italian parent, rose to took L94.5bn (L62.2bn), while L113bn in

years the ratio of net income plus depreciation to total revenue had risen to 12 per cent from 5.5 per cent in 1978, while company stockholders equity. including retained profits, had

ROCKWARE 回

- Rationalisation beginning to produce benefits
- Export impetus from reduced value of Sterling
- Imports now much more expensive
- Lower interest rates now significantly help
- To conserve cash this year no dividend declared

"If the long-awaited upturn in the economy begins to show itself in the second half of the year, this should have a beneficial effect on the markets in which we operate. Given a modest improvement in the market and a return to more realistic pricing levels over the medium term, the Group will see a marked upward trend and a return to acceptable

J. H. Craigie, Chairman

Summary of Results

	Year ended 26 December 1982	Year ended 27 December 1981
	£000	£000
Sales	141,753	161,580
Profit before taxation	605	8 99
Earnings per share before Extraordinary items	2.88p	2.61p

ROCKWARE GROUP plc

Copies of the 1982 Annual Report and Accounts may be obtained from The Secretary, Rockware Group plc, Rockware House, 17/21 Victoria Street, Windsor, Berks St.4 1HG

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BELL CANADA ENTERPRISES INC. (incorporated under the laws of Canada)

Following a reorganisation of the Bell Canada group of companies, the 190,910,547 Common Shares of Bell Canada Enterprises Inc. ("BCE") have been admitted by the Council of The Stock Exchange to the Official List in substitution for the 190,910,547 Common Shares of Bell Canada. Particulars of BCE are available in the Extel Statistical Service. Details of BCE and the reorganisation may be obtained during normal business hours (Saturdays excepted) up to and including 17th May, 1983, from:-

W. Greenwell & Co., . Bow Bells House, Bread Street, London EC4M 9EL.

3rd May, 1983

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Horten's sales show recovery

HORTEN, the West German retail stores group, has reported an encouraging upturn in sales so far this year after a struggle to maintain its performan

Parent company sales revenue in the first four months of this year reached DM 925m (\$375.3m), an increase of 6.1 per cent on the same period a year

However, Horten said that it would omit a dividend for last year even though it had made a profit. The management pro-

strengthen the group.

Sales revenue last year fell 1.1
per cent to DM 2.84bn. The group
described last year as a "warr of described last year as a "year of crisis" characterised by a distinct recession in consumer spending In the first two months of the

year, however, sales revenue had gone up by as much as 7.7 per cent and its profit was considerably better than in the same period a year ago. Horten said that it proposed to

change its accounting year to start in March rather than Janu-ary. This would provide an op-portunity for the effects of post-Christmas trading to be properly reflected in each year's ac Profit from January and February this year would also be used to strengthen the group, rather than for dividend pur-

general are hoping for an uplift in business this year, but a great ery in the country becomes more

improvement in some sectors, notably building, consumers are

still showing some caution.
The big stores have been taking steps to streamline their op-erations and cut costs. The Hertie group, for instance, has just embarked on a determined effort to end the 10-year saga of losses from its Bilka stores.

Telerate up 67% in first half

By Paul Taylor in New York

TELERATE, the U.S. computerised financial information service, yesterday reported a 67 per cent increase in earnings in the six months to the end of March.

Last week the company, in which Britain's Exco money broking group has a 49 per cent stake, was valued at over \$300m when its shares were traded on the New York stock exchange for the first time.

net earnings of \$8.2m or 21 cents a share for the six month period, compared with \$4.9m or 12 cents a share in the same period last year on revenue which increased from \$18.7m to \$29m.

Ford Australia makes record A\$66m profit

By Michael Thompson-Noel in Sydney

FORD AUSTRALIA has reported a 1982 net profit of A\$66.3m (U.S.\$57.7m) against 1981's previous record profit for an Austra-lian car maker of A\$49m.

Sales were A\$1.3bn and the pre-tax profit A\$120.7m, against A\$87.7m the previous year. The company, however, cut the dividend paid to its U.S. parent from AS38.8m to AS35.3m.

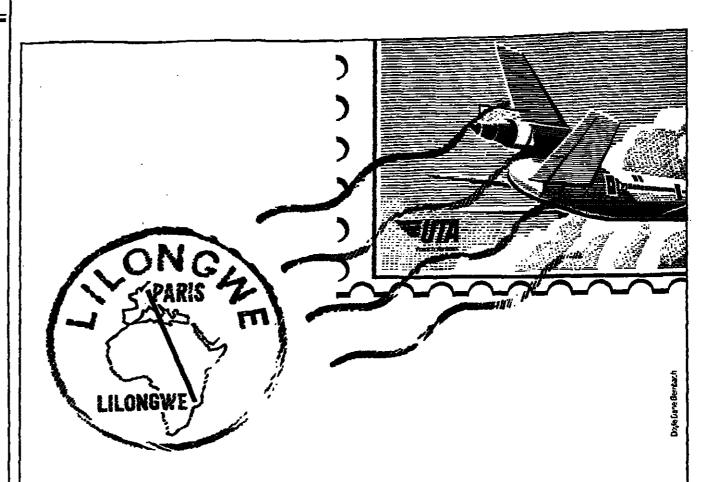
Ford was the market leader in Anstralia last year, its buoyant profit contrasting with a loss of A\$134.7m at General Motors-Holden (GM-H), one of A\$12m at Mitsubishi Australia, and a six month's loss of A\$6.9m for the December ball year at Australian Motor Industries, the passenger vehicle arm of Toyota

Sir Brian Inglis, the managing director for Ford Asia-Pacific, said last autumn that Ford Australia was planning A\$500m worth of capital spending over

the next five years. In Ford's view, the Australian vehicle market this year should total about 565,000, against last year's record 616,000 vehicles. Car sales this year are expected to total 412,000, with Ford aiming for about 23 per cent, the same as

Mr Bill Dix, Ford Australia's managing director, predicted that the company would continthat the company would contin-ue to do well, provided that the current mood of industrial cooperation between employers and unions held good.

However, profit in 1983 is likely to be lower than last year's with local car makers fighting and reduced fleet sales.



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today has more than 200 offices in that country. Nedbank's London branch has been in operation since 1906. This year Nedbank opened its New York branch.

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Will distributor Waldron get the carpets rolling?

waldron says, "but our financial advisers, Robert Fleming, found that a number of institutions that a number of institutions were interested in us and so we went for a direct quote. We have placed 25 per cent of our shares with the institutions and this gives us an enormously important platform for future growth."

However, for Mr Walron to succeed he has to master a business which is largely new to him. The old MCD was a distributor, and mainly of tufted carpets, to the small-to-medium size shops. Trafford is a producer of Axminster and Wilton woven WHEN dealings begin in MCD Group this morning Mr George Waldron will be a happy man, Six years ago after a difference of opinion, he left Gainsborough of opinion, he left Gainsborough Distributors, where he had risen to be a director following 22 years with the company.

His speciality was carpet distribution and so it was natural he should set up Midland Carpet Distributors and that he should set it up in Kidderminster, not only one of the centres of the British carpet industry but also his own home territory.

Within 10 months he had bought part of Gainsborough and in the five years since then he has built MCD, though aggressive marketing and a sharp eye for an acquisition, into a company with a turnover of £20.69m and pre-tax profits of £623,000.

and pre-tax profits of £623,000. and pre-tax profits of £623,000.

Much of his success, he claims, has come from being able to sort out companies. "When we took over Rolfe and West, in Manchester, they were doing £300,000 a year. With a little reorganisation they have come right and we are now looking for £3m.

"We have never bought any company unless we think we can contribute something to it. Generally, we can improve management by example and training and get a better product range, storage and handling facilities."

On a winner

It is this ability to improve lacklustre concerns which makes Mr Waldron believe he is on a winner with Trafford Carpets, which he has used as a reverse

which he has used as a reverse bid to obtain a quote.

Trafford bought the entire share capital of MCD on consideration of the issue of 12.5m new ordinary shares fully paid to the existing shareholders of MCD. Then, a week ago, Trafford changed its name to MCD Group, a three-man team "—in this case himself as chief executive, together with two other MCD directors. In addition, he has

hit the whole textile trade."

It is that recession, or the end of it, which could help Mr Waldron. Carpets is one of the sectors which appears to be coming out of the recession first and with good strength in the contract market, which largely concerns offices, hotels and shops, it is well placed to take advantage of the unturn. minster and Wilton woven carpets, largely wool.

the uptura.

fairly soon.

Not sleepy

Heavy fatalities Can he succeed in an industry

where there have been heavy fatalities and in which cheap But as Mr Waldron says: "this is just a new beginning. We are not a sleepy company and we shall be looking to expand our distribution business as well."

Carpet distribution calls for the warehouse to be near the customer, ideally within about 60 miles. MCD is strong in the Midlands, Lancashire and South Wales but has gaps in the rich South East, Yorkshire and the North West. Those are the areas Mr Waldron is looking at and it would not be a surprise if he had something to announce fairly soon. imports are playing havoc with the home producers? Trafford's turnover has dropped from £4.02m in the year to end March, 1979, to £2.38m last year, March, 1979, to £2.38m last year, and in the nine months to last December sales had rouched £2.06m. On this, accumulated losses of £311,000 were made in 1980 and 1981, but there was a small profit of £44,000 in 1982 and £41,000 in the nine-month period to last December.

period to last December.

The former directors of Trafford, dominated by the Marsh family living in Lancashire and all non-executive, had come to the conclusion that an independent company could not provide shareholders with an attractive long-term investment as its expense. as its organic growth prospects Midland offshoot were limited.

Mr Waldron is convinced his management style will be sufficient to turn the company round—so convinced that he sees no redundancies among Trafford's

Intl. Income Property placing

International Income Property
Inc. (IIP), a U.S. commercial property investment company, is coming to the London Stock Exchange by way of an offer for sale and a placing to raise around £12m.

This will be the first full listing on any stock market for the company which is headed by fir Gerard J. Dusseldorp, the company which is headed by fir offer and placing, being handled by UK merchant banker S. G. Warburg and Co, involves 2m 1 ceut common shares at, or near £6 each representing 22.2 per cent of the enlarged share capital. The placing of a proportion of the shares is yet to be announced shares is yet to be announced shafe announced share is yet to be announced shafe announced shafe capital. The placing of a proportion of the shares is yet to be announced shafe a net asset value amounting to \$4.48m last year when \$1.2m to \$4.48m last year when

Sun Life

assets up by

over £400m

and is to be made with City institutions.

The offer will open at 10 am tomorrow. Brokers to the issue are Cazenove and Co.

The company was founded at Delaware in 1977 by Lend Lease and Mr Dusseldorp, a Dutch cit/zen. Its shares are currently traded in the over-the-counter market in the U.S.

In general, IIP may only invest in income producing propertic/ in the U.S. At the end of 1982 its properties were independently valued at \$87.3m and had a net asset value amounting to \$3.32 per share prior to the issue.

Since 1978, the company's total rental income has grown from \$1.2m to \$4.48m last year when \$1.2m to \$4.48m last year \$1.2m to \$4.48m last year when \$1.2m to \$4.48m last year year in \$4.20m last year year year \$1.2m to \$4.48m la

Key Markets deal sealed

Sun Life Assurance Society rose by more than £400m during 1982 from £1.76bn to £2.18bn. The long-term funds increased from £1.34bn to £1.75bn and the investment reserve from £407m investment reserve from £407m to £421m.

Premium income for the year rose only marginally from £267m to £272m, while investment income climbed from £144m to £163m. There was a marked increase in claim pay-ments, commission and manage-

As already reported, after tax profits for 1982 rose from £6.47m to £7.73m and the dividend was lifted by 21.8 per cent to 13.4p.

Hampton Gold

a member of the Midland Bank Group, reports business volume up by 5.5 per cent to DM 5.6bn (£1.6bn) for 1982.

Total business volume inclusive of subsidiaries in Luxembourg and Switzer's nd was DM 6.4bn (£1.82bn). Group assets increased by 6 per cent to DM 5.3bn (£1.51bn). 10.493.120 shares at a price of 162p or A\$2.80 per share, has been subscribed to the extent of 9,807,829 shares (93.5 per cent). The balance of 685,291 shares have been subscribed and blaced at 180p per share.

FITCH LOVELL shut the Key Markets door firmly on Linfood at the end of last week when it completed the sale of its 106 supermarkets to Safeway Food Stores. Linfood recognised that it would be "battering its head against the wall" if it persisted with a frontal approach for new negotiations.

The two outstanding requirements are a clean bill of health from the Office of Fair Trading and the approval of Fitch shareholders at an extraordinary

Sir Gordon Bowrie, the direc-Sir Gordon Bovrie, the directorgeneral of the OFT, is now preparing to advise Lord Cockfield the Trade Secretary, on the report the Minister has received from the Monopolies Commission following an investigation into the 275m bid last October by Linfood for Fitch Lovell itself.

and Safeway about the £34.8m Key Markets' deal and there is a chance that this disposal, too, will be referred for a Monopolies examination. The stock market is simost unanimous in its view that the Commission has recommended that the initial Linfood offer for Fitch will be allowed to proceed fast without Key. negotiations.

There are, however, increasingly few plum opportunities to achieve worthwhile expansion in the highly competitive UK food retailing sector, and Limfood will be expected to maintain a keen interest in Key Markets as long as the fir ri conditions of the sale to Saleway remain to be fulfilled.

The two contained and property base which was presumably supplied to Saleway. sidary's trading performance and property base which was presumably supplied to Safeway. However, Fitch will be expected to provide more data on Key Markets in the circular it despatches to its shareholders prior to the extraordinary meet-ing.

FT Share Information

The following securities have into the £75m bid last October been added to the Share by Limfood for Fitch Lovell Information Service:

itself.

In addition, the OFT is now been added to the Share Information Service:

Canvermoor (Section: Foods).

Ewart New Northern (Property).

bolding discussions with Fitch V.W. (Engineering).

BOARD MEETINGS

The following companies have notified stes of board meetings to the Stock change. Such meetings are usually leid for the purpose of considering sividends. Official indications are not resilable as to whether the dividends are interiors or finals and the sub-fivisions shown below are based nainly on lest year's timetable.

SHARE STAKES

G. Wills and Sons—On Ap.41 25 Aitken Hume Holdings to-gether with its subsidiary Aitken gether with its substillary Afticen
Hume Investments and its
clients, sold a total of 1.55m
ordinary shares representing
25.71 per cent of the issued share
capital. As a result. neither the
company, Aithen Hume Investments, nor any of Aithen Hume
Holdings clients has a notifiable
interest

The Ballie Gifford Japan Trust National Employers Mutual General Insurance Association has acquired 555,000 ordinary shares (5.55 per cent).

Bodycote International Dwek, a director, has disposed of 45,000 ordinary shares reducing total holding both beneficially and as trustee to 1.95m shares (24.72 per cent). Marshall's Universal — ESAL (Commodities) has increased holding by 519,000 ordinary shares to 1.05m.

shares to 1.05m.

BPM Holdings—R. P. R. Hiffe, a director, is beneficially interested in 315,939 ordinary, 215,975 A ordinary and 562,550 B ordinary, and has a non-beneficial interest as a trustee in 200,000 ordinary 371,556 A ordinary and 4.47m B ordinary M. S. E. Carpentes is interested in 200,000 ordinary and 194,890 A ordinary. P. R. Davies is interested in 232,000 A ordinary. S. T. Gray is interested in 200,000 ordinary and 371,556 A ordinary. J. D. Hiffe is interested in 37,000 ordinary and 232,375 A in 57,000 ordinary and 292,375 A

GRA Group—Seaforth Investments Gibraltar, now holds 4.427,000 ordinary (10.33 per cent).

Brockhouse — Caparo Industries has purchased a further 250,000 ordinary shares raising holding to 1.995m (11.54 per

ordinary.

Hunterprint Group—Gresham Investment Trust, through a wholly-owned subsidiary on April 26 disposed of 557,022 shares and is now interested in 2.2m shares (26.6 per cent). Vatx Breweritt—P. D. Nicolson and P. E. R. Vaux, directors, as trustees have transferred 36.500 ordinary shares and also sold 1,570 ordinary from their joint trust holdings.

TR City of London Trust—Pearl Assurance holds 3.01m deferred stock units (6.3 per sent). The West Coast and Texas Regional Investment Trust—Colonial Mutual Life Assurance Society and its subsidiary Colonial Mutual Life (Pension Annuities) have disposed of 567.500 ordinary shares.

Padang Senang Rubber—West Padang Senang Rubber—Wan Hin Investments has acquired 70,000 stock units increasing bolding to 616,500 (12.45 per cept)

Bank of Scotland balance sheet shows 22% growth

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

THE Bank of Scotland's balance sheet grew by 22 per cent last year and total asset swere £5.3km at February 25.

The Bank of Scotland's annual report and accounts, published today, also show total advances and commercial deposits for 49 and commerc at recrusty 28.

The Bank of Scotland's ennual report and accounts, published today, also show total advances to customers at £3.5m, up from £2.5m at the end of the 1981-52 fromchal year. International loans account for around 20 per cent of the £3.2m total.

It is undertasted that the R is understood that the bank's percentage of current

and commercial deposits for 49 per cent of its funds. The bank's bad debt provisions increased last year from £15.4m to £27.1m and pre-tax profits were 2.1 per cent lower at £46.4m.

FORWARD RATES AGAINST STERLING

RECENT ISSUES **EQUITIES**

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PENDING DIVIDENDS

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Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed.

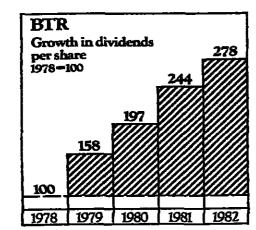
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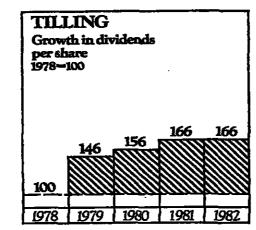
This advertisement is published by Morgan Grenfell & Co. Limited on behalf of BTR plc.

Trinkaps & Burkhardt, the West Germany private bank and a member of the Midland Bank

REWARDING

The record speaks for itself. BTR dividends have grown consistently over the last five years - by almost 30% p.a. BTR shareholders continue to enjoy a highly rewarding investment. So, how have Tilling shareholders fared?





BTR—Tilling There's no comparison.



BACK THE BTR BID

The directors of BTR plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

Our group is fortunately well spread both geographically and by product

RIOFINEX

Results

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Our results this year must be looked at against a background of metal prices at their lowest real level since before the war, with many mines operating at a loss.

Our two largest investments abroad in Australia and Canada have been through a most difficult time, the recession hitting them hard; Australia in particular had for a long time an unrealistic exchange rate.

In Zimbabwe the Empress mine regrettably, but with Government agreement, has now been closed and RTZ has given Z\$750,000 to assist with a relocation and rehabilitation programme for former employees

rehabilitation programme for former employees.

In Spain, Rio Tinto Minera showed a loss reflecting high operating costs and lower metal prices.

There is quite a bit of good news to report.

The Borax mine in California again produced excellent results. In Southern Africa both Rössing Uranium and

Palabora made very satisfactory profits.

Most surprising in the present economic climate was the performance of our subsidiaries in this country at a time when British industry was suffering from the deepest recession since the 1930s. These included not only our newly acquired cement interests from Tunnel and Ward but also

Our profits are very slightly up on 1981 – better than appeared possible at the half year. Part of the improvement is naturally due to the recent weakening of the pound and part to the containment of unit costs. I believe shareholders will feel reasonably satisfied that the diverse activities of the RTZ Group have stood us in good stead during a very difficult year.

Long term demand for metals

Although the drop in demand for most metals has generally been much less than in 1974-75, this latest recession has been more prolonged than in any period since the early 1930s. Furthermore, this setback occurred after much slower growth than in the early 1970s; in some metals demand has never regained the heights then scaled.

Although the industrial countries now appear to be recovering, their demand for metals may not pick up as rapidly as in the past. Fabricators today emphasise materials conservation and miniaturisation. Substitution is a continuous and partly reversible process, but recent innovations may have hastened the switch from traditional

Group results in brief	1982	1981
Group sales revenue	£3,680.4m	£3,020.7m
Operating profit	403.3m	349.9m
Profit before tax	341.0m	348.1m
Profit after tax	173.1m	173.6m
Net attributable profit	103.5m	102.3m
Earnings per ord. share Dividends per ord. share	39.62p	40.42p
Interim—paid Final—proposed	5.5p 10.5p	5.5p 10.5p

These factors do not mean that total demand for individual metals will decline over the next decade but average growth rates are likely to be slower than so far experienced.

Mining and the Third World

It has now become clear that large scale mines such as Bougainville are unlikely to be developed over the next few years. The decision not to proceed with the Cerro Colorado development in Panama was taken after considerable study and demonstrates the problems involved for third world countries in developing new resources. International mining companies make a major contribution, emphasising the commercial realities of mineral development, by bringing together financial, technical and managerial expertise that these countries can seldom obtain elsewhere.

Their involvement greatly increases the likely success of new mineral development with substantial economic benefits to the host countries. Among these are higher everseas earnings, greater employment opportunities and a considerable injection of money into the economy. For local people there is the prospect of higher standards of living and greater opportunities for training, acquiring new skills and a wider education.

RTZ

The Outlook

There are mounting indications that 1983's economic performance will improve on the year's earlier modest predictions. The road to an economic recovery that is broadly based enough to ensure a sustained improvement in metal prices remains strewn with potential obstacles, but at least the road now points in the right direction.

In anticipation of economic recovery, the LME prices of some metals, such as aluminium and copper, rose in January in sterling and dollar terms. Currency unrest and a spillover from speculation in precious metals contributed to the increases. Not all metals benefited and this emphasises the fragility of the revival. Prices are still at low levels in real terms, but historically and also relative to the costs of efficient mines.

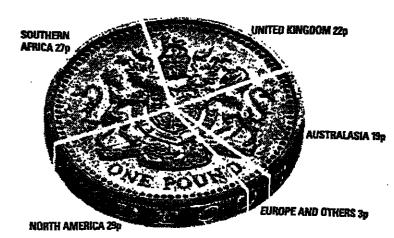
On the cost side, weakening oil prices could be beneficial; other costs are also likely to rise more slowly and lower interest rates will help reduce financing costs.

In short, the signals for profits may have changed to amber, but they are not yet green. We may well have to wait until 1984 before any worthwhile recovery in the world economy comes through to those of

economy comes through to those of us who provide raw materials.

If you would like a copy of the RTZ annual report including Sir Anthony's full statement please write to: Group Public Affairs Department, 6 St. James's Square, London SW1Y 4LD. Fact sheets on three specific aspects of the corporation's activities will be available from 26th May, 1983.

Source of each £1 of RTZ 1982 profits



The RioTinto-Zinc Corporation PLC

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WALL STREET

Slide sets in as warning is heeded

THE equity market ran into a widely-predicted correction phase on Wall Street yesterday. Selling was not heavy but buyers backed away from the major stocks as share prices fell, writes Terry Byland in New York

At the close, the Dow Jones Industrial average had shed 21.87 to 1,204.33 and the 1,200 level, so recently breached, appeared to be in danger again. On the broader market, declines led advances by two-to-one but volume, at 88.4m shares, had slowed from Friday's 105m.

In the credit markets, prices opened a shade above the levels which had greeted Friday's news of another fall in money supply. But investors turned cautious ahead of the S15bn funding planned for this week by the U.S. Treasury and the early gains melted away.

Share prices were on the slide from the opening of the market. Early falls were sharply extended as report scirculated that a major investment house had advised clients to take a bearish view. This major discouragement to inves-

tors came from Mr Barton Biggs, a managing director of Morgan Stanley, the leading investment banker.

He was reported to have told clients "to be more cautious" and, more significantly, commented that the market might have already made "most of the money for the year" in terms of the rise in share prices.

STOCK exchanges in London, Brussels and Singapore were closed yesterday for public holidays. World stock market indices appear today on Page 36.

With so many market pundits already warning clients that a correction phase was likely in equities, investors were not slow to take the hint and stay out of the market.

This left share prices to fall back steadily. Attempts at a rally proved unsuccessful and most sections of the market showed widespread falls.

Among the recently favoured stocks. motor issues gave up some of their gains. General Motors, awaiting news on the dividend from yesterday's annual meeting, slipped by \$1% to \$67%. Ford Motor at \$49% was \$1% down after news that talks with Nippon Kokan regarding the Rouge plant had broken down. The airline sector also gave ground again as profits were taken. UAL fell \$\%

to \$33 and Pan American lost an early rise to stand unchanged at \$5%. Others to run into sellers included

IBM, \$1 point off at \$116, Honeywell \$1% down at \$110, General Electric \$1% off The corporate reporting flow was re-

duced yesterday. Occidental Petroleum lost \$1/4 to \$20% after results. The credit markets were pleased with

the news of another sharp fall in money supply and there were suggestions in the investment press that a further cut in the Federal Discount rate - the rate which the Fed charges the banks might not be far away.

But this week's weight of Treasury borrowing seems to rule out such a move in the near term and with the Federal Funds rate remaining obstinately high at 8% per cent yesterday morning.

investors were cautious.
At mid-session, the Federal Reserve helped the market with a \$2bn customer repurchase. But Treasury Bill discount rates continued to edge forward to Friday's final levels. The three-month bill was discounted at 8.02 per cent and the

six months at the same rate. The benchmark long bond, the 10% per cent of 2012, touched 100% initially but slipped later to 9911/2.

In Toronto, stocks were lower over a broad range. Of the 14 major groupings, only merchandising and media managed a gain while metals, transportation and management were sharply down. The same lower trend was seen in Montreal.

EUROPE

Frankfurt feels a lack of impetus

AN EASIER trend emerged among shares in Frankfurt, which missed the usual impetus from London, but elsewhere in Europe, a generally firmer mood prevailed.

Prices opened higher in Frankfurt but a reversal, first detected in bank shares, spread to other sectors and profit-taking soon dominated the market. The Commerzbank index declined 2 to 958.8.

Among the banks, Commerzbank fell DM 3.30 to DM 176.50 while Bayernverein was down DM 18 to DM 353, Bayernhypo DM 8 to DM 311, and Dresdner DM 4.40 to DM 190.60.

The recently-favoured issuers of Eurobonds with share warrants eased in line with the market's weaker tone. Degussa shed DM 1.50 to DM 325, BHF-Bank DM 5 to DM 306 and the most recent issuer, Deutsche Bank DM 6.2 to DM 341.

West German bond prices closed narrowly mixed after a dull session. Paris was buoyed by last week's bullish mood on Wall Street and shares

ended firm after a moderately active trading session. The rise was led by foods, with BSN up FFr 41 at FFr 1,751, Carrefour FFr 55 at FFr 1,450 and Moet-Hennessy FFr 20

at FFr 1,080. Pernod Ricard was FFr 11 firmer at FFr 501 after reporting higher parent company profits for 1982. "A clearly improved trend was seen in Amsterdam and turnover began to pick up, despite the absence of many foreigninvestors as a result of the London holiday. The ANP-CBS general index was

up 1.2 at 126.1. Royal Dutch Petroleum was buoyed by a firm dollar and U.S. buying interest and moved Fl 3 ahead to Fl 123.

Blue chip issues were in demand in Zurich where shares ended firmer in active trading. The stronger trend was a continued reflection of the pre-weekend Wall Street mood.

Swiss bond prices closed quietly

In Milan, shares opened firmer but a slowdown in trading activity during the session left them closing mixed. Leading insurance and industrials met the most **FAR EAST**

New records as Tokyo surges on

SHARES again moved ahead in Tokyo taking the Nikkei Dow industrial average through the 8,700 level for the first time. The measure ended 22.03 up on the day at 8,704.39 - setting its fifth successive record close - after a peak of 8,705.10 at the morning close.

The Tokyo SE index also posted a record closing level of 634.87, for a net gain of 2.91, while the second market index gained 4.27 to a new, all-time high of 1,058.36.

The continued upturn reflected optimism over world economic recovery and hopes of a large-scale return to the Tokyo market of foreign investors.

Attention has now switched to blue chips from the lower priced issues which have recently been in demand. Light electricals, motor manufactur-

ers, computer makers and precisions were sought. Toyota Motor moved up Y40 to Y1,190, while companies in the Matsushita electrical group were also ahead: Matsushita Electric rose Y30 to Y1,550.

Steels were slightly firmer, but among lower shipbuilders, Kawasaki Heavy Industries declined Y4 to Y161.

Hopes of lower U.S. interest rates are expected to support the Japanese bond market this week but trading will be light because of national holidays on Tuesday and Thursday.

Hong Kong fell victim once again to concern over higher interest rates in response to the continued weakness of the local currency, which plumbed record lows against the U.S. dollar.

The Hang Seng index opened weak and fell back throughout the session to close 25 down at 994.43. This was the first decline below the 1,000-level since April 6.

Jardine Matheson lost 70 cents to HK\$13.70, Hutchinson Whampoa 30 cents to HK\$13.60, Swire Pacific "A" 20 cents to HK\$13.70.

AUSTRALIA

Merger plan

SHARES firmed in moderately active trading in Sydney and Melbourne in response to Wall Street's further gain last Friday. The All Ordinaries index ended 3.8 higher at 595.7. Around two-thirds of the shares traded in both centres were in the industrial sector.

SOUTH AFRICA

Golds firmer

A SLIGHT recovery in the bullion price helped gold shares to close firmer in Jo-hannesburg. However, there was only small local demand and the featureless picture was exacerbated by the holiday closure in London.

Among heavyweight issues, Kloof was R1 higher at R55.50 while gains among cheaper priced producers stretched to 25 cents, as in Welkom at R16.

AMERICAN STOCK EXCHANGE CLOSING PRICES

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FINANCIAL TIMES SURVEY

Tuesday May 3 1983

Biotechnology

This, the first Financial Times survey of biotechnology, appears on the eve of Biotech 83 at the Wembley Conference Centre, London. New discoveries have already inspired the creation of about 200 new companies—over 20 in Britain. They work closely with scientists to exploit an advanced technology

A technology with immense potential

AROUND 1970, Sir Walter Marshall, then Dr Marshall, director of Harwell, began to use a phrase: "the principle of maximum unfairness." He defined this as trying to help one company exclusively to a dominating commercial position, strong enough to resist the competition from overseas.

Sir James Gowans, the medical scientist who manages the Medical Research Council—the network of national laboratories, units and university support for medical research on which the British taxpayer spends over £100m a year—agrees heartily with the "principle of maximum unfairness."

Academic talent

handful of UK companies.

Fairtlough believes.

"Our strong card is this

But the other side of com-mercial success must be a sharp

It selected, discarded, trans-

The MRC has been practising bodies going on not just in the since 1980 when it made an Nobel prize winning Laboratory rrangement with Celltech, that it since 1980 when it made an arrangement with Celltech, that gave the company the option of first refusal on all its work with bridge, but in many other MRC the MRC discovery of mono cloud antibodies.

Just as Harwell discovered a decade ago, aggrisved com-panies are now beating upon his door, complaining at their exclusion from the deal with Celltech but also asking for the first time what else the MRC is doing that might be of interest to

The deal over monoclonal antibodies was negotiated by Mr Gerard Fairtlough, creatur of Celttech as a (then) National Enterprise Board executive, and now its chief executive. He acknowledges this exclusive arrangement as "extraordinarily important" to Celltech in establishing its position it right, but there is no quesnear the top in achievement tion that its sights are sharply

or about 200 highly competitive focused. Its anti-interferon, a genetic engineering research companies, mostly American.

From the start, Celltech mainly to purify interferon for mainly briefed itself on the U.S.

U.S. companies are also when

ing contracts with Celltech to make other monocional anti-bodies, which they then package

The company has learned how to scale up manufacturing methods from mice — which the MRC inventors used as "mini-reactors" — to lofty 100-litre fermenters. It is even trying to develop a continuous method of fermentation, with Department of Industry sup-

This summer it expects to market its first diagnostic product, an accurate assay for interferon levels in the patient. No one knows just how useful this is going to prove to the medical scientist "but everyone will want to try it," Mr Fairtlough forecasts con-

Celltech is "adding value to what the MRC is doing." But its cluster of 50-year-old factories on the Slough Trading offers a workmanlike that impresses both clients and investors more than many rivals which nestle near the research centres.

fr selected, discarded, trans-ferred what technology it wanted—and in one case most of an MRC team, including its leader—to laboratories in Slough. It learned how to work efficiently with academics—a knack that eludes all but a handful of UK companies. Shortly, it is to be the template for a "country cousin" designed to try to exploit the genetic engineering research of the Agricultural Research Council, with the food indus-tries instead of health-care as the primary target.

Biotechnology is not a new industry, nor will become one. Unlike micro-electronics, with which it is often compared as an anant garde industrial activity, biotechnology is based on no clearly identified product, such as the silicon chip. It is a process; one whereby living organisms are cossetted so that they thrive and multiply efficiently, yielding a product—beer, penicillin, interferon, human growth hormone—to be separated and sold.

As a technology it has been practised by man for thousands of years, but entered a new phase in the 1940s with new fast fermentation techniques for antibiotics, steroids and other

Then a third phase began in the mid-1970s with the discovery of "genetic engineering" or ways in which the living organisms themselves might be modified genetically to make substances unknown in nature, or too scarce consider commercially.

This survey was written by DAVID FISHLOCK, Science Editor

The third phase gave birth to the crop of entrepreneurial van-tures, for which scientists who recognise the immense potential commercial significance of genetic engineering found pat-rons in venture capital companies and large corporations seeking new ventures.

Professor Herbert Boyer, co-Professor Herbert Boyer, coinventor of the genetic engineering technique known as recombinant DNA, helped to found
Genentech, recognised as the
most advanced of the new ventures scientifically. It has a
research budget of \$21m. Novel
health-care products—particularly interferon—was one of the
most persuasive arguments used
by the entrepreneurs. by the entrepreneurs.

Inevitably, the scientific and technological difficulties were understated. Like micro electronics, the problems require an astonishing diversity of different scientific skills, the absence of any one of which can doom the venture.

High-technology—a term fre-neatly misused—implies that a practitioners are working

knowledge. It also implies highly exacting standards of quality control and quality assurance in manufacture, of an order unknown in industry

Biotechnology, like pharma-ceuticals, micro-electronics and nuclear technology, is un-doubtedly high-technology— with all that implies in technical risk and extra cost.

generally.

cal risk and extra cost.

These new ventures are superficially similar, inasmuch as they all ride on a wave of enthusiasm for biotechnology as a high-technology investment.

This wave of enthusiasm began to surge in the late-1970s, but took a slight dip a couple of years ago when the investors learned that the end of the rainbow was still years, even decades away for some targets. But it has recovered. One yard-

But it has recovered. One yard-stick is Nature's biotechnology index, the 15 quoted shares behind which are on this page. From a base of 100 last summer the index stands at 200 today. In fact, the companies differ

quite widely. Scientifically, a handful are much stronger than the rest, through arrangements they have forged with the academic community, from which the leads and techniques almost all come.
These may well continue to

grow into sizeable companies, funding a substantial research programme mainly from their ability to transfer new tech-nology profitably to other com-panies, and retain a royalty interest in product sales.

But many will never acquire the "critical mass of good scientists and blotechnologists needed to bring a major inven-tion in genetic engineering to

Wevertheless, they may grow into viable organisations by providing sound technical ser-vices for other companies. and Fortia are two

irdtlen.



Coleman, Government Chemist, (left), is in charge of the UK Government's pro-of industrial support for biotechnology. Dr Geoffrey Potter, head of the Biotech-nology Directorate, is responsible for industry-university relations



INDEX OF BIOTECHNOLOGY STOCKS Published mouthly by the journal Nature.

12-month	12-mont	h	Close	
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273	91	Hybritech (U.S.)	22	 5⁻
181	5	Molecular Genetics (U.S.)	174	– 1
27	8	Monoclonal Antibs. (U.S.)	20 <u>i</u>	– 1
*53 <u>}</u>	347	Novo Industri A/S (Den.)	51	- 01

This index, compiled from E. F. Hutton data, is published by Nature; the index for March, published on April 14, stands at 200 compared with a base of 100 at June 25 1982. * New high or low for last 12-month period.

substantial biotechnology com-panies which have already established international reputa-tions for their services for other companies using biotechnology.

Many may remain as contract
research companies, willing to
undertake the further development of someone else's ideaor problem—for a fee.

All these companies are, in fact, likely to wind up serving to a greater or lesser degree bigger companies which recognise the fast-growing demand for bio-technology, not only as a source of new products, but a source of new products, but also as a manufacturing tech-nique which may compete strongly with part or the whole

of a process of synthesis. Hoffman-La Roche is an ex-

animal feed additive, Pruteen, the technology of which won a Queen's Award last month for innovation. It is also test-mar-keting a bio-polymer called PHB, made by bacteria fed on the right diet of starch and a few gases. Ranks Hovis McDougal is test-

in a fermenter from the starchy market.

ON OTHER **PAGES**

Targets: making the most of the remarch boutiques Services: importance of specialised "back-up"

technologies II Financial support: con-siderable interest from government and finan-cial institutions II

Looking ahead: astonishing diversity of targets III Academic support: vital role of the universities III International scene: more

collaboration sought in research projects III

constituents of natural crops. of a process of synthesis.

Hoffman-La Roche is an example of a company which uses bio-synthesis in the course of making products (such as vitamins) not normally seen as biotechnology products.

ICI is blo-synthesising its animal feed additive, Pruteen, the technology of which won a Queen's Award last month for

ICI, for example, has genetically modified the microbe that makes Pruteen so that it might make a form richer in the most the right diet of starch and a valuable amino acids it confew gases.

Ranks Hovis McDougal is testmarketing a micro-plant—in fact, a fungus—which it grows prices in the commodity

Quote Quote Quote Quote tive capitalism: they are investors who can communicate sensibly and effectively with technologists and marketeers. They are active partners in the Orbec business team, assisting and advising without dictating. Access to their wide range of commercial and scientific contacts has been of great value in the formation and development of our company.

TDC recognised the Wolfson Institute of Biotechnology of Sheffield University as a centre of excellence in plant cell culture. Plant Science Ltd., was set up as a joint venture with Sheffield University in 1982 with equity capital provided by TDC. TDC's involvement was highly professional and all their negotiations. were conducted in a friendly and helpful manner with a notable lack of bureaucracy. 77

DR. TONY JUBB, MANAGING DIRECTOR, PLANT SCIENCE LTD.

When Imperial Biotechnology was set up it broke new ground in co-operation between universities, financial institutions and industrial enterprise. TDC initiated this as a joint venture with Imperial College, provided the initial investment of £400,000 and helped to identify the founder management team. 77 DR. TREVOR LANGLEY, MANAGING DIRECTOR, RAPERIAL SIGTECHNOLOGY LTD.

44 We had an immediate rapport with the people from TDC. They not only understood our technology but they also saw its commercial potential. They quickly became actively involved in the business and played a key role in introducing us to potential business partners in the U.S.A. TDC's financial and commercial know-how and real understanding of what makes high technology business really tick is invaluable.

TDC's capital investment and active participation added a new dimension to the way the company could be managed. They brought to the table a wide range of contacts, an understanding of the need to react quickly to business opportunities and most importantly the ability to complement the skills required to move high technology into very competitive markets as has been achieved with robot sales into North America and

TDC practices what I would describe as construc-

Quite

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as committed to success as you are. TDC

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The Scottish Development Agency's Health Care and Biotechnology Division will be at the Scottish corner of Biotech '83. Our pleasant duty at the exhibition is to demonstrate the track record and the potential for companies in the Biotechnology field in Scotland. We believe we have a first-class package to offer, and here are some of the reasons.

1 All eight Scottish universities and at least two Colleges of Further Education have research groups working on various aspects of biotechnology.

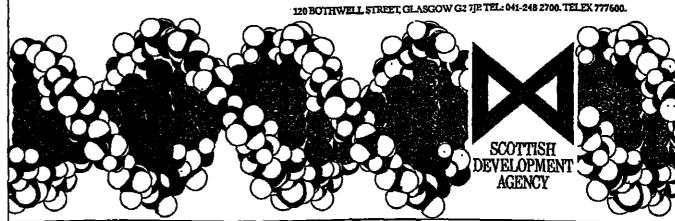
2 Scotland has Science Parks planned for the West of Scotland, Dundee, Aberdeen and Stirling which will welcome pioneers and entrepreneurs engaged in high technology-from small research and development groups to manufacturing companies. Custom-built premises and advance units can be provided.

3 The Scottish Development Agency can provide promising new enterprises with risk capital, and established companies may well qualify for other forms of financial support.

4 The Agency can also help to arrange joint business ventures between high technology firms and relevant university departments, and provide access to senior academic staff, libraries, computers and laboratories.

Come to Stands 9-12 and meet Inveresk Research International, Cruachan Chemicals and Monotech Laboratories. -companies working in this area in Scotland.

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applications & implications of biotechnology

Making the most of research boutiques

tionise manufacturing industry. were raising money for their The similarity lies in the fact research boutiques. that, like micro-electronics, bio-technology promises to make readily available a host of pro-Each needs painstaking investiducts impossible or too expensive to make today.

It is a technology many more companies will practise in future. Frequently they will

draw their technology from the 200-odd "research boutiques" which have sprung up, mostly in the U.S. but increasingly in Europe, in the past few years.

These commercial contract These commercial contract research laboratories, and a few new research centres funded by industry on university campuses, are turning discoveries and ideas from the frontiers of

biggest profits appear to lie at areas."

the desirability of curing or apply for approval for the use preventing, say, virus diseases of its interferon "for two or in man and animals, or of better ways of diagnosing many end.' diseases. But other industries Mr. recognise that genetic engineer of making a third application ing may eradicate problems or this year, for an interferon resistant to disease, frost, salt, or higher m yield; or a better vaccine against foot-and-mouth disease. For the miner it may vield ways of extracting and oncentrating scarce minerals. For the petrochemical company it may yield ways of recovering more oil from a well, or even competitive new fuels and feed-stocks.*

Targets

But the target on which the hiotechnology boom of the 1980s was launched remains the one on which most money is hanging. Interferon was described by Lord Rothschild as recently as 1980 as worth "billions of dollars per pound." The bio-entrepreneurs claimed they rould make it cheap and readily available; and they did, both by genetic engineering and by clever development of more traditional cell-culture methods of biotechnology.

By late-1982, Biogen could.

claim it was giving genetically engineered interferon away to hospitals for clinical trials. The big question still is: Does work? The interferon story

BIOTECHNOLOGY is often likened to micro-electronics as an expression of the new technologies that promise to revolupre that the problem of the property of the

gation to decide what, if anything, it may treat successfully, and to determine a safe regime.
Purity is of paramount importance—there have already been ducts given in large doses.

Two partnerships dominate the race for commercial success in interferon: Hoffman-La Roche and Genentech, its Californian research associates; and Scher-ing-Plough and Biogen.

bio-science into techniques industry can exploit. They are founded and managed by entrepreneurs driven by a desire to translate Nobel prizewinning research in genetic engineering into profits.

Mr Robert Luciano, president The experiment of a project which spanned four countries—Britain, France, Italy and the cial analysts last month that Netherlands—has been encapsulated in a four-volume library interferon had produced mixed.

There can be no doubt about he believed the company would

Mr Luciano was also hopeful

open fresh paths to profits. For nasal spray to prevent colds. farmers, it may yield crops more For Biogen, interferon is the dominant target in a diversified research programme. From the outset, Schering-Plough has been its principal patron, mostly for interferon. But Biogen which stands to profit directly from royalties on sales of interferon-put the matter in perspective in its prospectus earlier this year: "The company does not expect operating revenues to meet research and development expenses, and conse quently does not expect to operate at a profit, for at least

several years."

A senior Roche research manager in Basie told me recently that he had advised directors that interferon would not be a "wonder drug" but was nevertheless an important research model for other useful proteins that the genetic engineers were learning to

One senior hiotechnologist from a company with a long tradition in the field of making antibiotics, claims that his most valuable contribution to corporate biotechnology strategy has been to keep his company out of the interferon race.

Most of the 200-odd research

Celltech is specialising in applications of certain mono-clonal antibodies, a British discovery which promises to find wide application in medical diagnosis and later possibly in

therapy too. Profits in diagnostics will accrue to those companies which successfully package mono-clonal antibodies as foolproof kits for the hospital technician, in the way Amersham International has done for radioactive methods of diagnosis. Almost no-one among the 80 or Almost no-one among the 80 or so companies marketing monoclonal antibodies has yet produced such a kit. Celltech should be one of the first. 'A recent report from Paine Webber Mitchell Hutchins, the New York brokers, forecast a total market worth \$3.9bn for diagnostic products by 1988, with test kits based on monoclonal antibodies accounting for \$1bn.

The incentive is that such tests may be able to diagnose hepatitis, herpes, venereal and other infectious diseases in minites instead or days, and with greater certainty than can be claimed at present. The Paine Webber study named Genetic Systems, Hybritech, Monoclonal Antibodies and Centocor as Celltech's four biggest rivals in the U.S. market.

Less well publicised is the

Less well publicised is the contribution the new technology could make to animal health. As in human health problems, there are several good reasons why vaccines against viruses should prove superior to those made by conventional tissue culture tech-nology. They include greater safety both in manufacture and in the final product, the pos-sibility of simpler methods of large-scale manufacture, a more robust product that does not need refrigeration, and lower

In addition, it may be possible In addition, it may be possible to make vaccines against to make vaccines against diseases that cannot be easily prevented today. High-purity targets, as seen by the research boutiques, include rables, foot-and-mouth disease, African horse sickness and TB.

Britain's new research boutique based on the work of

boutique based on the work of the Agricultural Research Council should be strongly placed in this area, since in its Animal Virus Research Institute at Pirbright the council has one of the world's leading centres of research in animal diseases, with a research programme spending over £3m a year.

""The Business of Biotechnology," Financial Times Business Information, £93. Importance of specialised 'back-up' technologies

Many novel services needed

FOR £10,000 you can buy what is claimed to be a "flying to build its joint Italproteine start" into the business of biotechnology. That is the price But it also knows how finely British Petroleum has put on a unique library covering two
decades of experience with the
continuous fermentation of
single-cell protein, and an estimated BP investment of over £100m at 1981 prices.

floom at 1981 prices.

For that money you get the experience of a pioneering venture which began in the late-1950s with the discovery of yeasts that thrived on the waxy fraction of certain crudes, multiplying to make a protein-rich animal feed while raising the quality of the oil fraction

From a scientific discovery it progressed through an immense technological development for large-scale, continuous fermentation under aseptic conditions, to the commissioning of a 100,000 tonnes/year production

research in genetic engineering into profits.

Their targets are primarily
pharmaceutical and health-care
products for that is where the
biggest profits appear to lie at
oresent.

Clinical trials of Biogen's alpha
interferon had produced mixed
results with different forms of
cancer—little effect on some,
but "promising results in other
areas."

If the promise was sustained
and toxicological evaluation of
circle cell varieties sanging 33

single-cell protein spanning 33 generations of rats. It also includes over 100 standard analytical assays the company developed for the process, never previously published. It extends to the advanced project being prepared for Bioproteins de Venezuela, for which Stone and Webster—now a partner of the

its process. So have most— Popular television pro-though not all—of the petro-chemical groups which plunged how Britain has missed out in into single-cell protein in the the world market for mono-

But it also knows how finely the technology had to be tailored to its specific objective, single-cell protein from hydro-carbons—one that the world is proving reluctant to adopt for the present.

Biotechnology requires a

range of novel services if the discoveries of the genetic engineering laboratories and "bouriques" are to be exploited. "bouriques" are to be explored.

But these services, too, will often be novel, and will require the same dedication as the science to perfect them for a sci

for single-cell protein.

ICI and John Brown Multinational chemical and Engineers and Constructors instrument companies sub worked closely to perfect sterile shoulders with national laboraprocessing conditions for the tories, such as the PHIS world's biggest fermenter.

Another pioneering British biology and Research at biotechnology company in ser-porton, affering "microbial prices is Collined and in 1980". vices is Celltech, set up in 1960 as joint venture between City

Successes

anti-interferon, a product for purifying interferon. Celltech has found markets worldwide, especially in the U.S., for a discovery made by a Medical Research Council unit at Warwick University, but Webster—now a partner of the new biotechnology company Warwick University, but Biogen—had begun detailed developed by the company into a manufacturing technology The BP single-cell protein capable of supporting an unlibrary illustrates some of the problems blotechnology is making interferon for clinical facing today. BP has abandoned trials.

Popular television 1970s in the wake of BP's clonal antibodies are not supmonoclonal antibodies, pre-viously hardly mentioned, have proliferated to 83 different

categories was amerent "Breeding like rabbits, monoclonals will no doubt over-The directory is aimed at the

research centre rather than the shop floor, although the divid-ing line for a fast-emerging

novel task.

BP claims to have contributed considerably to the technology of centrifugal separators in its quest for largescale downstream technology from armadillos to Kenopus

as joint venture between City
and State financial interests to
exploit discoveries in the
national laboratories, particularly in monoclonal antibodies.

Successes

Technology process, the technology in monoclonal antibodies.

Successes

Successes against the tide of development The most successful use of in the chemical process indus-monoclonal antibodies so far is try in that the main trend is towards faster reactions under Biotechnology is a dilute operation, rarely exceeding a few per cent concentration in the stream leaving the fer-

> With single-cell protein mos of the solids are harvested for the product. But this is untypical; mostly the bio-product remains to be separated from a much greater weight of water and unwanted solids. A bacterial cell contains about 5,000 different proteins, a single one of which may be the maker's

enthusiasm. ported by any commercial Separation and purification. The company knows how evidence. The latest Directory must become a major growth much science and technology it of Biologicals, published by point for biotechnology, as the Separation and purification

Nature this spring, makes the market demands faster speeds point that in the space of a year and greater purity, as well as

more versatility.

One example of severel companies which have devoted a big R and D effort to the devel-"Breeding like rabbits, opment of high-technology pro-monoclonals will no doubt over-whelm next year's directory," it fication of biologicals is Fortia fication of honograms as Assa.

AB in Uppsala, Sweden (soon to be renamed Pharmacia).

Assa. Assa. Assa. Biotech-

This fast-growing biotech-mology group has scaled up pro-cesses originally developed for laboratory purification—such as chromatography and membrane

For example its Large-Scale Chromatography Unit has brought the technique of chromato-focusing to the shop

are recognised as a priority area for ocademic research in Britain. In addition, they are being given support through a "club" set up jointly by two national laboratories, Harwell and Warren Spring.

Support

A group of British industrial companies, numbering more than 50, are supporting a cooperative R and D programme called the Downstream Processing the ing Club, managed by Dr Philip Hawtin.

Perhaps the most glamorous demonstration of the high-technology of bio-separations is the experiment just performed aboard the latest U.S. Space flight earlier

The Electrophoresis Opera-tions in Space (EOS) experiment sims to show that in the gravity-free conditions of space continuous flow electrophoresis can be made a substantially faster and more efficient pro-cess of separation.

The experiment was mounted by McDonnell Douglas which has an association with Ortho Pharmaceutical part of the Johnson and Johnson group, to study jointly the commercial feasibility of space processing

per cent (up to £25,000 total grant).

75 per cent (up to £10,000 total grant).

Demonstration projects: 25

a Porton: Two big new

b Harwell/Warren Spring:

b Feasibility studies: Up to

c Problem-solving: 100 per cent of cost of 5-15 man-

days of consultancy.

No shortage of financial support

THERE IS no shortage of Dr Coleman drew up the approach so far of Rothschild's money available for biotech-British programme, for which Biotechnology Investments nology at the moment. When the DoI found £16m—" exactly fund, Dr Walker took an active individual projects and ventures the same as I asked for "-last claim that they are starved of autumn. He firmly believes cash, the reason is likely to lie that what matters is not that

bridge (Massachusetts), has to selected activities, just raised net proceeds for Mr Patrick Jenkin, Most of the 200-odd research boutiques have a specialty or two for which they are soliciting long-term commercial invest-month. E. F. Hutton and Commercial invest-month. E. F. Hutton and Commercial invest-month. E. F. Hutton and Commercial invest-month. pany, the U.S. brokers, raised \$25m to start a new

genetic engineering company, California Biotechnology, late last year. Nearer home, the British Technology Group is setting up a new genetic engineering com-pany to exploit national research in agricultural science. It expects the Agricultural science. It expects the Agricultural Genetics Company (AGC), as the new venture is named provisionally, to be backed by as much as two-thirds private cash.

AGC is a government. AGC is a government- spousored attempt to repeat the suc-cess of Celltech, launched in 1980 to exploit the discoveries and inventions of the Medical

Research Council's units in

genetic engineering. Impact

BTG believes that the Agricultural Research Council's re-search units afford no less opportunity for a similar seed" venture, introducing new science to the agricultural in-dustry, as Celltech is seeding the pharmaceutical industry. Some agricultural scientists Some agricultural scientists believe that ultimately genetic engineering will have a much bigger impact on crops and aminat husbandry than in human medicine, but recognise that it may take longer for a more slowly moving industry.

more slowly moving industry.

Celltech's "country cousin" is shaping up as a tripartite venture, with roughly equal shares held by Uktuanar, the oil group, Advent Capital, a venture capital company with access to U.S. UK and other European money, and BTG.

Between them, they have agreed to put up £15m to launch the venture, but will phase the investment rather than commit investment rather than commit themselves fully at the outset, as

Celltech's backers did.

The British Government estimates that it has committed more than £60m—at least £20m a year for the next three years—to the support of biotech-

Dr Ron Coleman, the Govern-ment chemist, who has special responsibility for the support of biotechnology on behalf of the Department of Industry, says it is not true that the Japanese and French Governments are investing more heavily than Britain. Each has committed around £60m. albeit in different ways, depending on how they see national priorities. The Japanese, for example,

The Japanese, for example, are investing in a 10-year programme of long-range R and D, for which 14 industrial organisations have formed a cooperative research association.

with the venture itself, not with the financiers.

The evidence lies in recent responses to fund-raising for specific bio-ventures. Biogen NV, based in Geneva and Cambridge of the control of the contro

thousand flowers bloom."
The accompanying table summarises the highlights of Dr Coleman's investments.

As a safeguard against Britain missing out on a good emerging prospect in a field where the "flowers" are blooming so prolifically, Dr Coleman has recruited his own "ginger group" of hiotechnolo-gists from industry.

They are not there to assess Dol investments, he says, but to unvestments, he says, out to warn him of gaps in the British portfolio, where timely action might avoid a company, an industrial practice, even an entire industry becoming obsolescent through a discovery in genetic engineering or the

Another arm of British government support is through BTG, which has made about 40 investments in biotechnology companies, with a total commit-ment of about £13m. BTG plans to double this over the next

four years, to about £30m at 1982 prices.

The third arm is the Bio-technology Directorate of the Science and Engineering Research Council, whose activities are discussed in more detail in the article on university involvement in biotechnology. In the private sector, Biotech-

nology investments, the Guern-sey-based venture capital arm of N. M. Rothschild, specialising in biotechnology, has four or five new investments — includ-ing its first outside the U.S. — likely to be completed in the next month or two.

These could double the value

of investments from a fund that

was valued at £55m when it released its interim statement in January, and should commit about two-thirds of the fund. Mr Peter Laing, of Rothschilds, reports that in recent months it has found the quality of British proposals "much of British proposals "much improved." As late as last November it had found no un-quoted British company that met its investment criteria among 23 possibilities it had investigated.

Technical Capital (TDC), venture capital arm of Finance for Industry, has built a portfolio of four biotechnology investments in the past two or three years. In parallel, it has built a portfolio of health-care investments, potential recipients of the new technology of its bio-invest-ments. Both portfolios are the responsibility of Dr John Walker, a former ICI research scientist in biotechnology. In contrast to the

role from the outset, in helping to shape a venture to meet TDCs investment criteria. Two investments - Plant

Science and Imperial Biotech-nology—have been fashioned Innovation: from university resources. The others are in Cambridge Life Sciences and (with four other partners) in Celltech. They Centres of excellence: wick University, and in another, substantially bigger than any so far, in biotechnology from a British Government laboratory.

● Where the Dol's £16m is going: Consultancy: a Strategic studies: Up to 50

club. c Patscentre: fermenter.

per cent grant.

fermenters.

Downstream

d Biotechnology consortium: Biocatalyst development. Firmer foundations:

collection: Based at Porton. Information service: Central file on biotechnology data.

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BIOTECHNOLOGY **INVESTMENTS LIMITED**

Biotechnology Investments Limited is an investment company, based in the Channel Islands, which was established in 1981 and which has funds available for investment of more than US\$50m. The company continues to look for opportunities to invest in unquoted biotechnology companies worldwide and proposals should be sent to its investment advisers, marked for the attention of Mr. David Leathers:--

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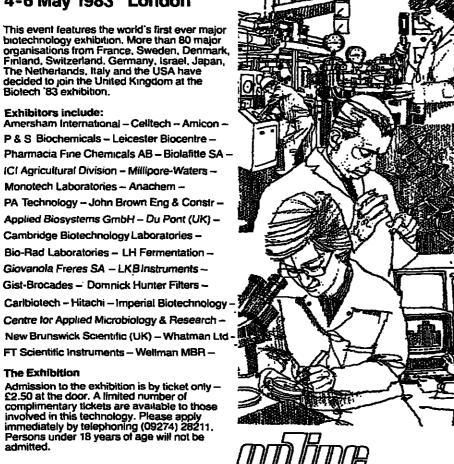
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established industries, some of which could threaten whole sectors of commerce, in food and drink for example. Its backers are calling for deci-sions to be taken between all these targets, to gain control of burgeoning R and D costs.

But the scientists behind these bio-ventures know that decibio-ventures know that decisions at this stage must still be risky gambles. They may well have demonstrated their initial claim—that by using their skills as genetic engineers they could induce a living organism to manufacture some coveted substance such as interferon, insulin or human growth hormone.

in nearly every case, however, they still have a long way to go before they can claim to be making it in large quantities, by a dependable process, with adequate " blo-activity." Even then, they must convince the regulatory authorities that it is safe enough for use in the

regime they propose. These have been plenty of disappointments in the research boutiques; genetically manipulated organisms that proved short-lived when the biotechnologists began to scale up the breeding; new vaccines that lacked potency; products which (like interferon) turned out to have severe side effects in large doses; products which, like Eli Lilly's genetically engineered insulin, have no clear therapeutic advantage to justify a doctor changing his patient's regime. appointments in the research

his patient's regime. Yet there have been far fewer failures among the new ventures than might have been expected, given the recession. One or two U.S. companies have failed. One or two ran have failed. One or two ran the 1980s. This can be said expected, given the recession.
One or two U.S. companies
have failed. One or two ran
amok in research and had to be dragged back on the rails by their backers.

ethesda Research Laboratories is one example, with its

stated ambition to become "the IBM of biotechnology." but the banks agreed to refinance the company only on the basis of a less granon the basis of a less gran-diose corporate plan. Cetus, in California, over-stressed its hopes for one particular process, making a sweetner from starch, and its support from the oil industry, and suffered a big setback when the oil industry withdrew its support.

One or two, such as DNAX in California, have been bought up by big companies as long-term research investments, as was indeed always envisaged by some of the bio-entrepre-

UK ventures

Britain may well have nearly 30 of these ventures by the end of the year. Mostly they are very small. But the biggest, Celitech, already has a staff of 130 and a scientific reputation strong enough to woo a research team away from the Medical Research Council to join its laboratories on the trading estate in Slough.

It resisted elitist ideas that it should be near Cambridge for a workaday environment with good international communigood international communications. How far the com-bination of good science, enthusiastic marketing and an earthy business approach has impressed the City should be clear in the next year or two when the country seeks two when the company seeks further finance.

further finance.

Big profits from biotechnology will require big investments and considerable patience. ICI's hopes that Pruteen would prove a "cash flywheel" to keep the money rolling while its biotechnologists invented many other products came to grief.

It is published that any provider

with confidence because the hest prospects are new drugs, which inevitably will require long and expensive pro-grammes to work out how

best to use them, and to con-vince regulatory authorities of their safety and efficiency. A major new drug nowadays can run up an R and D bill of £50m — not counting the manufacturing investment to put it on the market. The likelihood is that the first

substantial profits from genetic engineering will come from foolproof diagnostic kits for diseases, of the kind that proved big earners for Amer-sham International and New England Nuclear (now part of Du Pont) in the 1970s. These companies pioneered the development of commercial radio-immuno-essay.

cial radio-immuno-assay.

senetic engineering promises
to expand the diagnostic technology to many diseases and
conditions which have not
proved susceptible to radioimmuno-assay, such as hepatitis B and the venereal

diseases.

Not until the late-1880s, or even later, will substantial earnings accrue from new drugs or foods, the kind of products which could prove very profitable. This presents very profitable. This presents the new blotechnology companies with a serious prob-lem of how to survive.

Most will not survive as the in-dependent entities they are today. Their backers are un-

likely to have the patience. Many will never achieve the "critical mass" of scientists

biotechnology and survive as contract research companies. But a few will continue to grow into major corporations of the 1990s. They will de-velop into manufacturing

velop into manufacturing companies, steadily scaling up their technology and transferring skills in-house. Genentech, is already well down this path. Both Biogen and Ceiltech successfully imitated some of its best features and show promise of following it into the big time.

Earth-based version of a pharmaceutical processing device that will be tested in space in NASA's Space Shuttle is checked by McDonnell Douglas Corporation technician. Scientists believe the operation of the electrophoresis device in zero gravity of space may produce pharmaceuticals unattainable upon earth, thereby possibly leading to improved treatments for diseases like diabetes and haemophilia.

Commercial success depends on

board of 13 internationally recognised scientists, of which

three are employees and 10 are in universities or similar insti-

days at a time.

six different countries.

Industry has to develop the skills for recognising their value

and transferring the techniques

first, which started last autumn,

is the Leicester Biocentre, in which Dr Potter has brought

appointment is made, says the aim is to create a research insti-

tute of international repute,

The Leicester Biocentre is aiming for a budget of £1m a

year. So far, the four industrial patrons plus the Biotechnology Directorate have committed a

In addition, it has secured a

grant of £570,000 from the Wolfson Foundation for a new

building. Distillers is shortly to join as a fifth industrial partner.

In fact, British companies are beginning to contribute sub-stantially to the SERC effort to

strengthen the nation's bio-

technology research base. Fourteen—ranging in size from ICI, Unilever and Albright

and Wilson to Bio-Isolates and Cambridge Life Sciences have

agreed to support co-operative

research ventures in universi-ties. The SERC requires a

contribution of at least 50 per cent "in cash and kind " to such projects. By mid-April, industry

had contributed £1.7m to 17 projects, and SERC another £0.9m.

A three-tier research strategy

for supporting biotechnology has been fashioned by the Bio-

The first tier encompasses support having fundamental

and long-term implications, in-cluding essential parts of the

infrastructure, such as culture

second tier identifies

technology Directory.

total of £1.18m.

own laboratories.

Research Council.

"critical mass" of scientists on close links with academia.

It is no coincidence that the most successful of the new major biotechnology venture to fruition.

It is no coincidence that the most successful of the new genetic engineering ventures—to fruition.

Some will fail. Some will be bounded bounded university researchers working specialists in some facet of biotechnology and survive as coinces.

On close links with academia.

It is no coincidence that the as being at least two strong university groups in each area. The third tier of the strategy, in which industry has shown and survive as right at the frontiers of the new biotechnology and survive as coinces. research projects already set These are no casual associa-tions. Biogen has a scientific

Another kind of academic initiative is the grouping of university facilities, as illustrated by the establishment of the South East England Biotechnology Consortium.

tues. They meet regularly, four or five times a year, for two Here, the relevant interests f three institutions—Kent University, University College, London, and the Polytechnic of Central London—are being pooled in such areas as short All of Biogen's projects are directed by one or more members of this board. Between 1980-82, Biogen itself provided about \$6m towards the research of its own scientific advisers, in the difference countries. courses tailored to industry's needs, information and advisor industry's manufacturing advi-sory service and small firms The universities and funda-

mental research institutes such as those of the Max Planck in West Germany and the Medical Research Council in Britain are providing the research leads and inventing the basic tools of genetic engineering.

Industry has to develop the sory service and small simulations technical engineering and research in blo-catalysis.

An industry-university relationship of a different kind has been forged between the University of Sheffield and TDC, venture capital arm of Finance for Industry.

Plant Science

Late last year, a new com-pany, Plant Science, was born in Sheffield, specialising in swiftly and effectively into its Britain's premier mechanism for the support of a more effi- plant cell culture.

cient interface between univer-The driving force is Professo sities and industry is the Mike Fowler, ebullient head of Biotechnology Directorate of the Wolfson Institute of Biotechnology at Sheffield. But Plant Science has been fashioned by Dr John Walker, a scientist-turned-banker workthe Science and Engineering Headed by Dr Geoffrey Potter,

it seeks ways of boosting sup-port for research in British universities and polytechnics. ing for TDC, Of the £50,000 start-up capital with which the venture was launched, TDC found 40 per Dr Potter expects to be spending about £2m-£2.5m a year by the mid-1980s. But British cent and Prof Fowler (technical director) and Mr Tony Jubb industry may be contributing substantially more than this, if present trends continue. (managing director) 30 per cent between them. The university put up another 20 per cent. The Two major initiatives have come to fruition so far. The

together four British companies with non-competing interests in biotechnology—Dalgety Spillers (food), Gallahers (tobacco), John Brown (technology) and British researchers overseas, Whitbread (drink)—is a new prompted the Prime Minister research venture at Leicester University, closely associated with its School of Biological Sciences which has 50 full-time academic researchers working in genetic engineering.
Professor Barry Holland,
acting director until a full-time

s research. More specifically, Dr Potter has given a contract to the Institute of Manpower Studies the smallest to the largest client. Process and engineering consultancy...process evaluation and development...project definition...project execution.

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Two years after its formation, Celltech is a notable commercial success in international

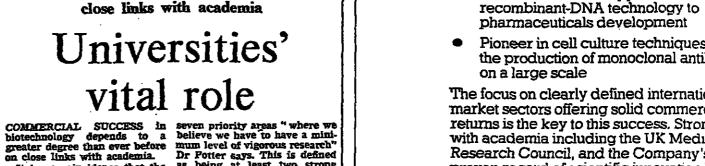
- The world's major producer of antiinterferon, essential to the assay and purification of interferon for clinical use
- The first to market unique blood grouping reagents
- A UK leader in the application of recombinant-DNA technology to
- Pioneer in cell culture techniques; offers the production of monoclonal antibodies on a large scale

The focus on clearly defined international market sectors offering solid commercial returns is the key to this success. Strong links with academia including the UK Medical Research Council, and the Company's proven record of scientific innovation have played a central part in these achievements.



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For further information and a copy of the Annual Report and Accounts,

More collaboration sought

Joint international research ventures

was asked to develop proposals that would help "exploit the immense opportunities presented by the new technologies, particularly for creating new employment."

One of the 18 proposals which later emerged embraces biotechnology. Not all the seven warmly endorsed this proposal for international collaboration the U.S. for example believes it is a sector best left to market forces. Nevertheless, France and

Britain have been nominated to a clear commercial incentive lead a study of the potential to the manufacturer. for collaboration.

The report of the working group, published last month, says that "biotechnology will have significant economic and social impacts on both developed and developing nations... many of our governments have national programmes which

wasted by unnecessary duplica- patron.

international links between training centres for biotechno-logists among the seven, that could also reach out to the de-veloping countries; links be-tween regulatory authorities for food and health products which could speed commercialwhich could speed con isation of new products through common codes of practice for safety evaluation; and inter-national attention to the prob-lem of "orphan drugs" for diseases which do not provide

The Versailles initiative, to be discussed by Reads of State at the Williamsburg economic sum-mit in the U.S. next month, built in the case of blotech-nology upon a French initiative under the Mitterrand Govern-

Dr Pierre Douzou, a biologist concentrate on basic research in from the Rothschild Institute, a this field.* Paris, became the government's adviser in biotechnology and found in M. Jean-Pierre Cheveto consider international co-adviser in biotechnology and operation so that limited found in M. Jean-Pierre Chevenational resources are not nament a powerful political

FOLLOWING the Versailles economic summit last summer, a working party of scientists and science administrators from the seven participating nations was asked to develop proposals.

The development of some Last summer France aspects of biotechnology, thus increasing economic activity and employment."

Areas in which the working or Douzou knew that he was starting from a weak research party see particular promise are

stronger in the science. French plan

In the event, Dr Douzou's initiative was overtaken by the Versailles agreement, while M Chevenement is no longer

collections for example.

cal companies. tion.

"He understood very clearly
"If managed carefully, such the importance of biotechnocollaboration should accelerate logy," Dr Douzou says.

Another kind of international

His decision to spend \$50m in the U.S. caused an outery in scientific circles in Germany.

One direct consequence was that a control of the Course.

In Britain, Celltech struck an important deal last autumn when it appointed Sumitomo, a major Japanese chemicals group, as exclusive Japanese agent. Celitech sees Japan as the world's second-biggest market, after the U.S., for the drugs and diagnostic tools it is

* Technology, Growth and Employment: report of the working group set up by the Economic Summit Meeting of 1982. Cmnd. 8818. SO £3.55.

starting from a weak research base. He was anxious to make the best use possible of collab-oration with countries that were

the political patron. A French plan for a new international research centre for blo-technology—in France, of course—was scotched by its partners. But British officials see genuine possibilities for international collaboration in strengthening the infrastruc-ture of biotechnology, in culture

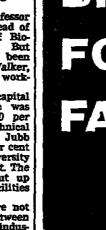
At a commercial level, international collaboration is already strong, as the U.S. recognis because the premier companies pioneering in biotechnology are multinational groups such as the pharmaceutical and chemi-

The principal patron of Genentech has been the Swiss drug company Hoffman-La Roche; the principal patron of Biogen has been Schering-Plough, Major British biotechnology growns such as ICI

nolgy groups such as ICI, Beecham, Glaxo, Amersham International and Wellcome have subsidiaries, and licence agreements worldwide.

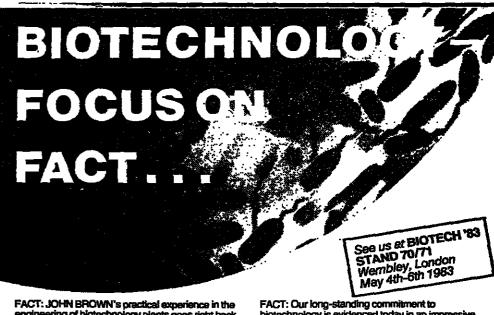
connection was pioneered by Hoechst. It caused a furore in West Germany in 1981 when Hoechst came to an agreement Hoechst came to an agreement with Harvard University to fund a 10-year research programme in genetic engineering. Prof Hansgeorg Gareis, as Prof Hansgeorg Garels, as head of Hoechst's pharma-ceutical division, became convinced that such a long-range investment would be more profitable—"the intellectual density in Boston is much higher than anywhere in Europe"—than it would in West Germany, where, as in France, the scientific bese is weak.

that a number of other German chemical companies forged similar bonds with German



Wolfson Institute has put up most of the capital for facilities worth about £500,000. But these initiatives are not typical of relations between British universities and indus-try. This fact, and the success reign biotechnology ventures were having in woolng senior last autumn to ask her scientific between industry and academic research. It reflected a growing concern in government over Britain's failure to take commercial advantage of much of

tute of international repute, having strong ties with Leicester University's schools of biology and medicine, and with industry, not only through its four industrial patrons but whether there is cause for concern at the numbers and more widely by way of research calibre involved.



engineering of biotechnology plants goes right back to before the current boom began. FACT: Major projects successfully completed over the years - on time, within budget - span an unrivalled product range, Antibiotics. Dextran and other polysaccharides. Single cell protein. Ethanol. FACT: Our services cover every imaginable need of

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biotechnology is evidenced today in an impro range of individual and joint research and development activities. Not surprisingly, John Brown Engineers & Constructors Ltd in the UK and our US-based sister company Crawford & Russell Inc. are now sed internationally as being right in the forefront of biotechnology developments. We are ready to talk . . . to listen . . . to consider possible joint action. Any time. Anywhere in the world. This, too, is FACT.

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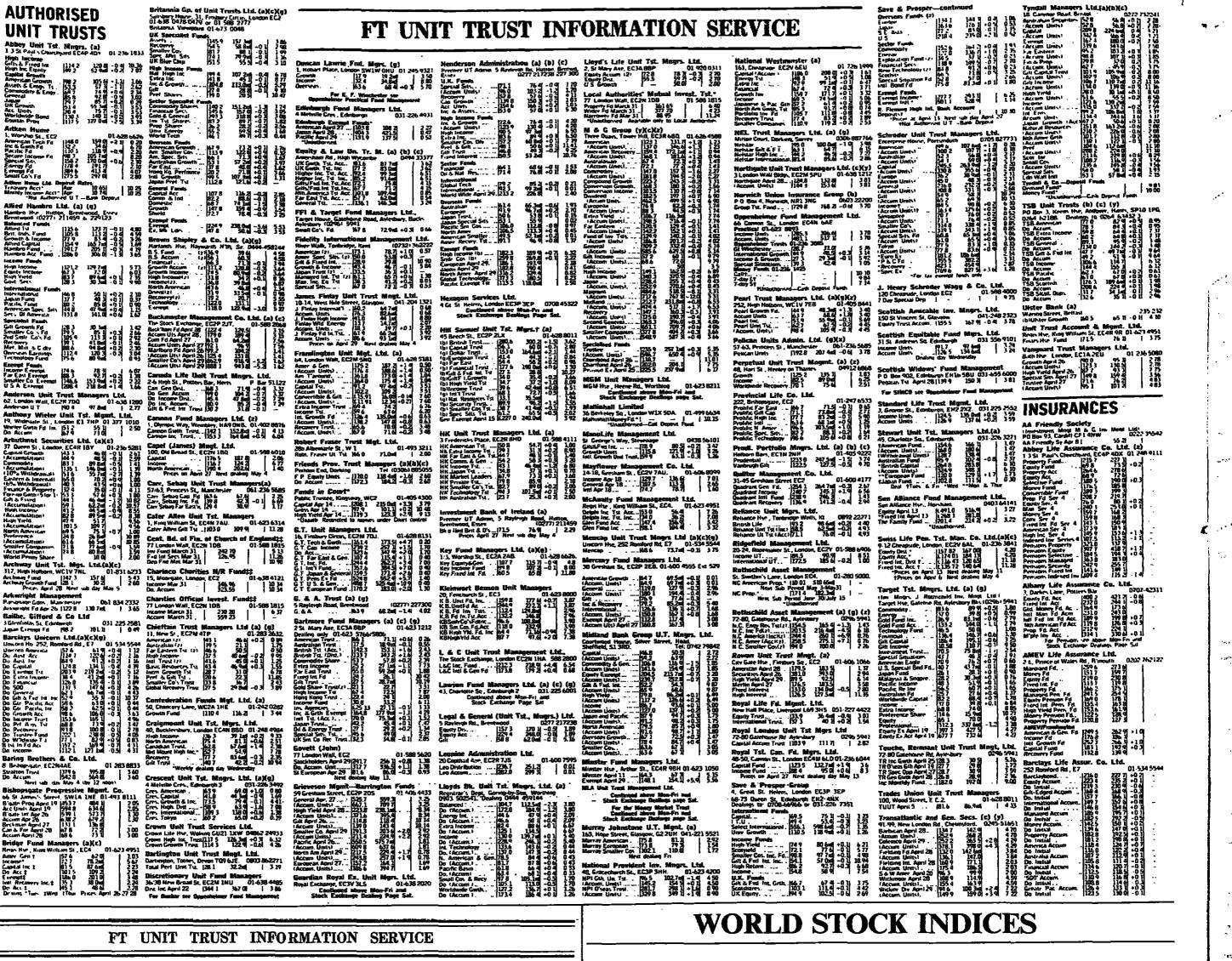
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Dow Jones industrial Average Share Market Report

Data Type gets £3m aid

BY GARETH GRIFFITHS

THE Welsh Development Agency has invested £750,000 in Data Type International, an information technology company, which plans to create 35 to 40 more jobs in its works at Cwmbran, Gwent.

The agency has hought tures graphics terminals.

The agency has bought tures £750,000-worth of preference Custo a stock with an option to convert Aeron.

The company was founded four-and-a-half years ago to maintain and service computer maintain and service computer terminals and now manufac-tures graphics terminals. Custo ers include the National Aeronautical and Space Admin-istration and Boeing. It employs 85 in the UK.

stock with an option to convert
it after five years.

Data Type's capital valuation
is about £10m. The agency
money will be used in part to
help pay for building an additional 25,000 sq ft factory at
Data Type headquarters.

Mr Gerry Tuffs, chairman of
Data Type, sald yesterday that

Meronautical and Space Administration and Boeing, It employs
to in the UK.

Turngver last year was £7.6m,
with pre-tax profits of about
£250,000, Lits year turnover is
projected at about £15m, and
the company is looking for an
Unlisted Securities Market
flotation in 1985.

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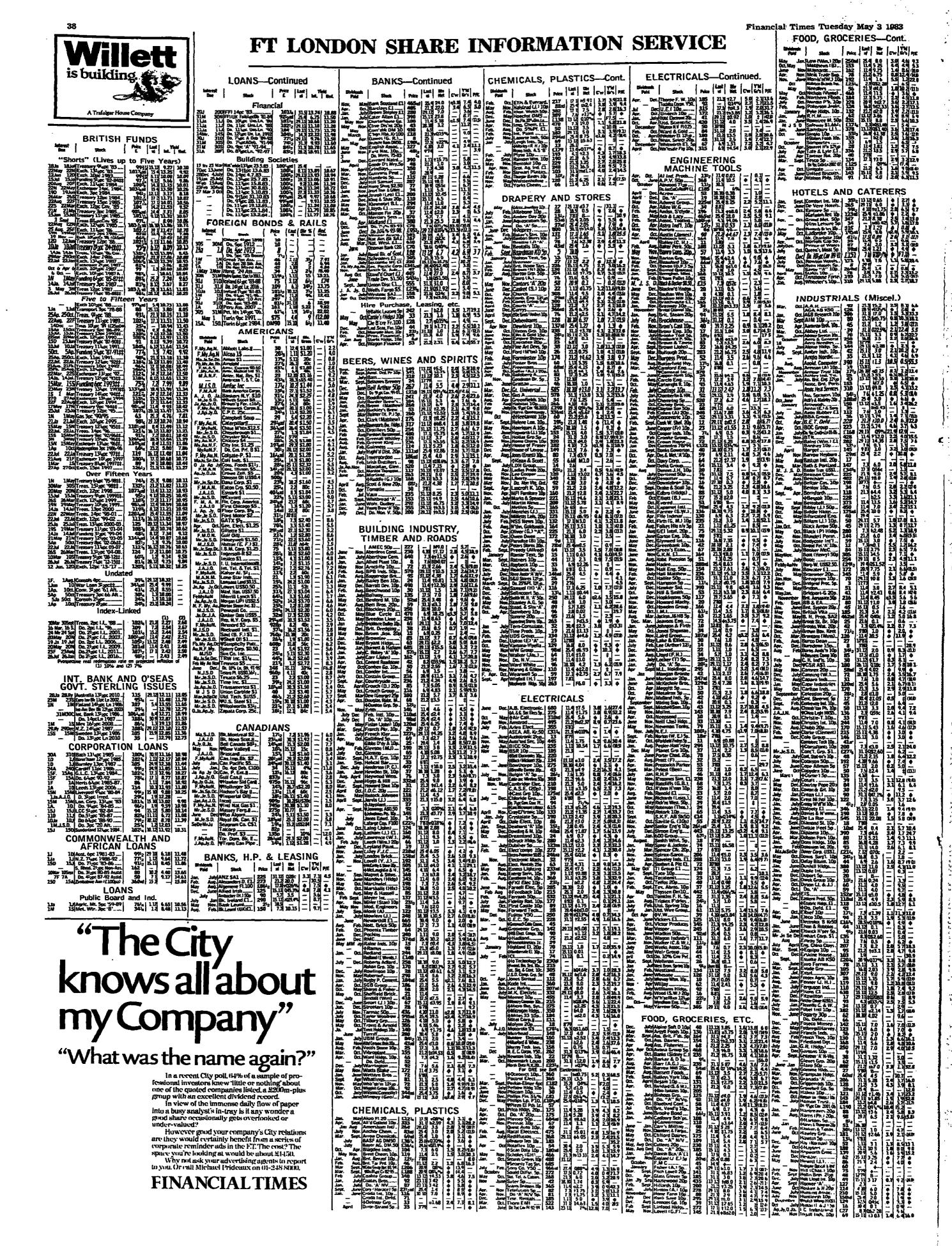
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Financial Times Tuesday May 3 1983 40 CURRENCIES; MONEY and CAPITAL MARKETS **EUROPEAN OPTIONS EXCHANGE** FINANCIAL FUTURES FOREIGN EXCHANGES 5475; 5400 5425; 8450; 8475; \$500; 5500; 5400; 8425; 8475; THREE-MONTH EURODOLLAR Sim Trade figures fail to impress 0.50 0.50 0.50 0.50 0.50 7.50 B proving to DM 3.8475 from DM 3.7875; to FFr 11.54 from FFr 11.3450; to SwFr 3.2275 from The Bundesbank, Dutch National Bank and Bank of Good trade figures from economic advisers, which seemed fapan, West Germany and the to rule out any orchestrated UK failed to have much impresaction to decreas the dollar at National Benk, and Bank of Japan gave support to their respective currencies against the dollar, despite waning hopes of an agreed policy by the central banks on intervention. Bundesbank action during April has fed through into the domestic money market, where the authorities have drained liquidity through currency repurchase agreements to prevent interest rates declining and putting further pressure on the German currency. Previous day's open int. 3,639 (3,740) FFr 11.3450; to SwFr 3.2276 from SwFr 3.1850; and to Y371.25 from Y366.25. This leaves the pound little changed from its levels at the beginning of the year against the D-mark, Swiss franc and Japanese yen, but rather firmer against the French franc, which has suffered a devaluation, and weaker against the dollar which continues to advance on interest rate considerations, despite other depressing economic statistics. THREE-MONTH STERLING DEPOSIT 929 2,80 1,60 0,75 1,10 vion on the foreign exchanges last week. Sterling's steady 29 5 2,10 1,45 The U.S. Treasury refunding programme for May of \$15bn was Close High Low Provided States of the Control of th last week. Sterling's steady appreciation was more a reflection of stable oil prices, while nost major currencies lost around to the dollar on interest rate considerations. The other main factor was foreign exchange intervention, and comments by the result of the Bundesbank, and Mr Martin Feldstein, chairman of President Reagan's council of The U.S. Treasury retunding programme for May of \$15bn was about \$1bn above most estimates, and indicated a steady period intervent rates, helping to keep the dollar firm. It rose to DM 2.4655 from DM 2.4655 from SwF1 2.06; and to Y237.85 from SwF1 2.06; and to Y237.85 from Y236.80. Sterling was also strong, im-Low Prev 90.26 90.28 90.47 90.47 90.42 90.43 90.27 90.27 90.12 90.15 U.S. TREASURY BILLS (ILMA) Sim points of 100% 9.50 A 7,50 A 3,50 A 3,50 A 3,50 A 6 — Close High Low Prev 100-11 105-14 105-01 105-14 105-01 105-14 104-29 104-31 104-24 104-30 107-03 107-10 107-03 107-03 106-30 106-30 106-30 106-30 107-00 106-18 106-18 106-18 109 Law Prev 105-01 105-14 104-24 104-30 107-03 107-03 106-30 107-00 18 108-18 6.50 KLM KLM KLM KLM KLM KLM KLM KLM EMS EUROPEAN CURRENCY UNIT RATES Previous day's open una serious day's asis quots (clean cash price of 15% frascury 1936 less equivalent price of near futures contract) 2 to 10 (32nds) BANK OF ENGLAND TREASURY BILL TENDER STERLING £25,000 \$ per £ Close High Low Prev 1,5990 1,9620 1,5685 1,5565 1,5590 1,5586 1,5569 1,5565 1,5580 1,5560 1,5560 1,5560 1,5680 1,5560 1,5560 1,5530 1,000 day's open int. 1,802 (1,820) £100m £100m ±1.5430 ±1.6419 ±1.0567 ±1.4018 ±1.4941 ±1.6696 ±4.1463 F.160| F.27.50' F.32.50' F.35; F.40| F.50| F.40| F.50| F.50| F.50| 5 | 17 7 | 12.80 28 | 9 311 | 6 121 | 4 100 | 1.90 5 | 3.90 2 | 6.10 3 | 37 Beigien Franc ... Danish Krone ... German D-Mark French Frans ... Dutch Guilder ... Irish Punt Italian Lira 44,3662 8,04412 2,21615 6,79271 2,49587 0,71705 1386,76 +1.69 +0.10 +2.22 -0.03 +2.13 -0.04 -2.95 - F.46.70 High 90.99 90.79 90.53 Cios₂ 90.95 90.77 90.53 58 -1.09 +1.03 -1.22 +0.94 -1.23 -2.95 DEUTSCHE MARKS DM 125,000 £100m 90.29 90.25 98% Close High Low Prev 0.4082 0.4087 0.4081 0.4083 0.4134 0.4134 0.4134 0.4121 me 158 (167) ous day's open int. 371 (410) STERLING (IMM) Se per £ ositive change denotes 4,50 = mency. Adjustment calculated by Financial Times. June Sept Dec March June Sept 7 187 46 591 837 78 19 156 71 11 61 18 **CURRENCY MOVEMENTS CURRENCY RATES** SWISS FRANCS SWFr 125,000 S per SWFr 10 OTHER CURRENCIES 1,90 4,50 8,50 18,40 10 5,40 _ 6 F.213.50 12 1,58965 0,98105 1,18826 45,1155 8,05231 2,264411 6,79047 1345,89 218,750 6,54501 126,000 1,90054 1,7,2944 26.90.97.20 76.20-77.05 13.59-13.72 13.46-11.56 3.821₂-3.861₂ 2255.2286 370-375 4.301₄ 4.341₄ 11.05-11.15 153-180 203-9181₂ 11.66-11.76 3.21-5.24 1.561-1.571₄ 129-137 -36.7 +12.0 -15.9 +30.4 -1.5 -10.3 +56.9 +106.6 +26.0 -25.3 +39.3 74,040-74,090 1,1530-1,1535 452,67-454,93 5,4320-5,4340 83,75-84,05 6,89-6,90 84,65* 0,29125-0,29140 18.7068 52.9999 MiA 2.65875 2.99449 7.97918 1680.80 MiA MiA 148.021 3.10465 2.23140 90,7704 JAPANESE YEN Y12.5m \$ per Y100 81 87-91 Close High Low Prev 0.4224 0.4224 0.4223 0.4218 0.4260 0.4260 0.4260 0.4252 20 | 3 6 | 0.80 7 | 0.50 4 | 0.50 102 20 5 12 139 932 46 3,50 1,60 0,80 1,10 1,50 2,80 4,80 June 0.4224 0. Sept. 0.4260 0. Dec. — Volume 135 (280) Previous day's ope 2,50 nt December 1971. WEEKLY CHANGE IN WORLD INTEREST RATES TOTAL VOLUME IN CONTRACTS 16.861 d Prime rates d Federal fund 5 mth Treas i 6 Mth. Treas d 3 Mth. O D -0.06 Unch 'd Unch 'd Unch 'd Unch 'd THE DOLLAR SPOT AND FORWARD THE POUND SPOT AND FORWARD 7. 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For sourts apply to the U.S. dollar and not to the Belgian rate is for convertible franca. Financial i FRANKFURT Unch 'd +0,125 +0,05 O.22-0.10c pm 0.20-0.10c pm 17-13c pm 17-13c pm 17-13c pm 18-13c pm 18-13c dis 2.13c dis 6.3ire dis 2.13c dis 6.3ire dis 2.13c dis 1.3c-13c dis 1.3c-13c pm 12s-10d gr pm 12s-10d gr pm 12s-13c pm 12s-10d gr pm 12s 1.5600-1.5610 1.9125-1.9135 4.32½-4.33½ 76.50-76.60 13.66%-13.67% UK† Ireland† Canada Nethind. Belgium Denmarf W. Ger. Portugal Spain Italy Norway France Sweden Japanu Austria 1,5580-1,5645 1,9100-1,9170 4,31-4,34 76,35-76,70 13,65-13,72 Canada Nethind. Belgium Denmark Ireland W. Ger. Portuga Spein Italy Norway France Sweden Japan Austria Switz. FINANCE FOR INDUSTRY TERM DEPOSITS PARIS TOKYO sits of £1,000-£50,000 accepted for fixed terms of 3-10 years BRUSSELS One month Three month interest paid gross, half-yearly. Rates for deposits received not later than 排 0/3/33. TERMS(years) 3 '4 5 6 7 8 9 10 INTEREST % 10½ 10½ 10½ 11½ 11½ 11½ 11½ 11½ DUBLIN AMSTERDAM Deposits to and further information from The Treasurer, Finance for Industry pic, 91 Waterloo Rd., London SKI 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a'c FFI" FFI is the holding company for ICFC. elgian rate for convertible trance. Financial franc 76.65-76.75. liz-month forward dellar 0.84-0.78 cpm, 12-month 1.15-1.00 cpm **EXCHANGE CROSS RATES** fiss Franc , Dutch Gulld , Italian Lirz |Canada Dollar Belgian Franc U.S. Dollar Pound Striing 11.54 7.595 2287; 1466, 3,848 2,466 371,5 237,9 4,555 2,776 0.641 2,999 31.08 594,4 6160. 0,497 6.158 0,260 2,694 10,55 1,658 0,598 66,33 23,72 5,554 1,192 10. 3,576 1982. 708,6 French Franc 10 Swigs Franc WORLD VALUE OF THE POUND 194,1 485.0 2,265 5,660 40,02 100, 0.528 1,306 2,011 5,026 6.032 15.08 1,687 4,216 Canadian Dollar Belgian Franc 100 1196. 2088 **MONEY MARKETS** commercial rate; (cn) conversible tase; (fin) financial rate; (exC) exchange cartificate rate; (nt) non-commercial rate; (nom) nominal; (o) official rate; ave been rate; (P) based on U.S. dollar parties foreign and going starling-dollar rates; (T) tied. tourist rate; (Bes) besic rate; (bg) Rates in the doldrums currencies to which they are tied. Interest rates were little growth, pushing the annualised changed on the London money market last week. The Bank of England probably gave less assistance than the total required to take out the full shortage, and this partly reflected the renewed reluctance of the discount houses to sell bills outright at a time when there may be another reduction in interest rates growth, pushing the annualised to fact the footent in interest rates there were hopes that bank base rates may be reduced in the not too distinct the end of March, led to suggestions of an early reduction from the reduction in interest rates. But the market latch on to sentiment on political considerations of the annualised in interest rates there were hopes that bank base rates may be reduced in the not too distinct the end of March, led to suggestions that rates are still likely market to latch on to sentiment remained fairly bullish. No one seemed prepared to forecast the

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to sell bills outright at a time when there may be another reduction in interest rates reduction in interest rates
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was £550m, and the help provided was £448m through outright
purchases of bills, while on
Tuesday the shortage of £350m
was relieved with help of £293m.
and on Wednesday a shortage of 6500m was met with assitunce

were very steady, although hopes remained alive of lower base rates ahead of an early

LONDON MONEY RATES

104 104 104 104

table are number latter to prime paper. The per cent and three month per cent.

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London interbank interest rates

London interbank interest rates

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from Mgy 1, 1983.

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SECTION III

FINANCIAL TIMES SURVEY

6 Small firms . . . provide the competitive spirit that a market economy needs for efficiency. They provide an outlet for entrepreneurial talents, a wider range of goods and services to the consumer, a check to monopoly inefficiency, a source of innovation and a seedbed for new industries. They allow an economy to be more adaptable to industrial change through the continuous and less painful process of small firm births and closures, with new start-ups embodying new technologies, new skills, processes or products?

THESE WORDS from a new Sized Enterprises. study by Alan Bollard of the High unemployment, of Intermediate Technology Development Groups have a focus for much of the Governmeless quality. They do ment's efforts to help small not in themselves explain why firms. (The extent of their job recent UK Budgets have been creating potential, it has to be filled with special measures to help the small firm; why our television screens at the But the attention the sector curhelp the small firm; why our television screens at the moment carry advertisements to publicise them; and why record numbers of people appear to be receiving the message and setting up their own business.

Wil se ber [

U - \$100,000 }

TEREST

The rekindling of European interest in the small business sector has been particularly marked in the past couple of years — with the UK in many respects the centre of this conomic renaissance.

Its impact has been felt everywhere: at Westminster where small firms are seen by the present Government as the key to sustained economic recovery; in big companies, where smaller units are seen as a solution to are to flourish.

ill-timed and ill-advised expan.

Evidence for

rently attracts is the con-

By TIM DICKSON

sequence of much longer-term

One, for example, is the growing realisation that small businesses have been neglected in the past, that industrial policies have perhaps overemphasised the importance of large groupings and that this imbalance has to be reversed if small firms

Evidence for this can be found in the declining share of ill-timed and ill-advised expansion over the last decade; in the City, where financial institutions have been scrambling to react to the new opportunities; otherwise expansionary 1960s and in universities and business schools, where the emphasis in the courses has been changing towards more "entrepreneurial" studies.

It is an appropriate sign of the times that 1983 should have been designated the European Year of Small and Medium

Evidence for this can be ample? Certying a heavy plate for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of for local communities over defound in the declining share of them.

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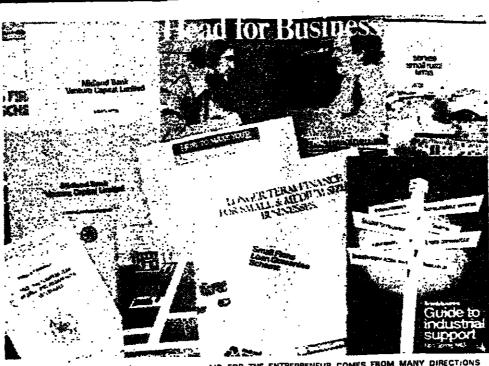
as the Bolton Report after the committee's chairman John Bolton).

Impetus for the revival of interest in small firms can also be traced to the widespread disillusion with large companies. The assumptions that large-scale enterprises are more efficient, that long production runs allow better techniques to be developed, and that only large groups have the resources to carry out research and development have all been challenged over the past few

modern scale technologies. tax br
have inherent advantages — old craft processes (eg. brewbetter access to financial markets and greater selking muscle,
for example — but they can
also be slow to or incapable of
adapting to technological
change and new markets.

The recession of course has

Spreading of ownership is illustrated most vividly by the The recession, of course, has cruelly exposed this weakness with major plant closures (such as in the steel industry, for exspate of management buy-outs over the past couple of years ample) carrying a heavy price though numbers here are for local communities over dealmost certainly falling.



AID FOR THE ENTREPRENEUR COMES FROM MANY DIRECTIONS

vagaries of big ones).
Small firms, meanwhile, go hand in hand with the current concentrate on the core activi-ties of their businesses, relying nano in pand with the current trends towards decentralisation. As Bollard points out pressures towards decentralisation have come through higher fuel costs for everything else on specialised suppliers who would compete for their custom."

Governments and European communities at large are thus responding to a number of underlying trends. UK Government policy — discussed in more in the cities, and from the in-creasing number of people who wish to live in the countryside. The relocation of certain industrial processes in the countryside "may be made easier," he adds, "by another recent trend: the availability of recent trend: detail on other pages of this survey — has attempted to encourage more start ups (through the Business Start Up Scheme and a number of other tax breaks, for example) but it is also beginning to reflect the problems peculiar to small modern scale technologies. These can breathe new life into

In this context the Loan Guarantee Scheme — designed to help small businesses over-come the traditional difficulties of raising medium-term finance—is perhaps the most interest-

Unreasonable

In spite of the 100 or so specific measures, there are many who argue that the Government has not yet gone far enough.

While official figures are not available, the amount of industrial aid which goes to small firms, for example, is believed to be much less as a proportion of the total than their share of Gross Domestic Product.

example of small firms and to organisations still hold sway in organisations still hold sway in the corridors of power while their smaller counterparts con-sistently complain that too much government legislation makes unreasonable demands on their

> Mr Michael Grylls, the Tory backbench industry spokesman who has consistently cham-pioned the small firms cause, believes the "Whitehall/City establishment is too equity

He has been lobbying hard for more help for the many small-and medium-sized businesses "which have survived the storm, are not necessarily go-go stocks and thus do not wish to give away their shares."

"Industrial investment," he adds, "is not simply a case of adds, "Is not simply a case of a single of schemes available to encourage the purchase or leasing of fixed assets. However, the real problem is that the cost of the software of a regient often exceeds the of a project often exceeds the cost of the hardware.

"What is needed is some cer-tainty of the availability of funds to encourage develop-ment of new ideas, construction of prototype equipment, the working capital for initial production runs and the cost of marketing the new ideas."

If some feel the Government has not yet done enough to sup-

fashion is being carried too far. It is significant, for example, that the Industrial and Commercial Finance Corporation (ICFC), the leading UK supplier of long-term finance, helped fewer start ups and to judge whether this new style management buy outs in its financial year just ended than in 1881-82 (when 107 buy outs were supported and 440 start ups).

growth of genuine venture capliance, and to groups—which provide in depth management and technical support as well as money—is a welcome development it is still 100 early will help reduce failures.

One of the most significant—if hardly headline catching—if hardly headline ha

There is a danger that too much will be expected in terms of wealth creation and jobs and that when the time comes to assess the performance of small firms in their present starring role commentators will be un-duly disappointed.

The Bolton Report - considered a fund of universal truths by many with an interest in the sector — pointed out "that there is no grounds for asserting either that as a group large firms are more efficient than small firms in their use of total resources, or the reverse."

Bandwagon

A finger can perhaps be pointed at some in the City who have climbed aboard the smaller companies bandwagon. Investrompanies bandwagon. Investment in small companies involves a higher degree of risk, greater management input and often specialised knowledge of the businesses and technologies being backed.

In this respect the recent support will fill an important chapter.

'Small Beginnings: Prospects for a New Industrial Path. Intermediate Technology Development Group. The street is support will fill an important chapter.

'Small Beginnings: Prospects for a New Industrial Path. Intermediate Technology Development Group. The street is support will fill an important chapter.

Clearing banks: a look at the lending schemes Case study: Bevstone VIII Case study: Bevstone Non-clearing banks: how Bank Leumi helped WordNet Venture capital: guidelines for the entrepreneur VI Loan Guarantee Scheme Taxation: benefits from Business Expansion Scheme VIII VI IX Public Sector: where to go for advice Private Sector: enterprise agencies Aids for exporters
Scottish Development Agency
Welsh Development Agency
British Technology Group
Property: finding the right premises
Course: equipping the entrepreneur
Who speaks for small businesses Who speaks for start-up businesses Editorial Production: Arthur Dawson. Design: Philip Hunt.

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Government policy: spotlight on small firms Statistics: 7,000 more companies born in 1982

SOURCES OF FINANCE:

Where to find the money

FINANCIAL SERVICES: Forfaiting

SOURCES OF HELP:

Leasing and HP

has been the attention paid to management training and advisory support services.

Small Firms Service has featured strongly in the Government's current publicity compaign but the private sector has risen to the challenge with big company and local authority sponsored emergrise agencies offering most vitally a network of local contacts—and a growing number of fully commercial services specially tailored for the small firm. This last is a highly encouraging trend.

The paradox is that small businessmen are naturally independent minded and sceptical of outside advice but when the history books come to be written the contribution of those tirelessly providing this support will fill an important

Jennifer: "What was our sales budget for the calendar fiscal?" Apple: "12,364 units."

Jennifer: "And ex-factory sales?"

Apple: "14,960 up to the Audit. That's already 21% over target." Jennifer: "Hmmm. Not bad. What percentage of volume was Apple: "51%.27% over target."

Jennifer: "That extra profit means we can invest in new equipment to increase productivity next year."

Apple: "You mean I can have that new printer I've had my eye on?" Jennifer: "Let's talk about it."



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SMALL BUSINESSES II

Government policy is pushing the small businessman to the centre of the stage, says Tim Dickson

We're all Small Firms Ministers now

PROVISIONAL ESTIMATES FOR 1980-82; BIRTHS AND DEATHS OF FIRMS BY SECTOR IN THE UK Firms Minister in the Cabinet -a frequent demand from some small business lobbyists—Conservative politicians these days are fond of replying, "Every Minister in this Government is 1980 revised....... Motor Other trades services TOTAL Agri- Produc- Construc-culture tion tion port services Catering 17,100 113,300 14,400 115,300 2,700 2,000 18,600 124,807 13,400 110,000 5,200 14,800 19,200 125,000 16,300 118,000 2,900 7,000 54,900 363,100 44,100 343,300 10,800 19,800 4,800 5,900 1,190 5,200 5,200 100 5,900 5,210 700 15,900 16,400 Births 23,280 31,900 7,800 27,900 39,800 3,900 26,600 4,000 76,800 92,400 7,500 5,700 1,800 7,300 5,700 1,600 6,700 6,506 200 21,500 17,900 a small firms minister." a small firms minister."

Even if you think overall economic policy in the UK is disastrous for business—and specific industry measures mere 2,106 13,709 11,100 2,600 36,300 31,400 4,800 confettl to brighten super-ficially the underlying gloom the above statement un-doubtedly reflects the genuine emotional commitment to the Surplus

Sources for tables: Department of Industry. Births: All new registrations less voluntary registrations and those following changes of legal identity. Deaths: Trader going out of business; trader going out of business buyer already registered or in process of being registered; trader falls below exemption limit; trader registered voluntarily seeks to be deregistered; trader makes zero rated supplies only and requests exemption. Discrepancies between certain totals and sum of their constituent items are due to rounding of figures. The figures are subject to revision.

John MacGregor, Parliamentary Under-Secretary of State Industry: he conceder Il businesses do have

try being a classic example.

sector by the Prime Minister and most of her colleagues

Cast for so long in the role of villain, the small businessman has been pushed centre stage by the present Government and increasingly is being

asked to take the star part of economic saviour. With the drama still unfolding, critics

are nevertheless wondering whether, plucked from seeming

obscurity, the new leading actor is not being asked to do too

much in carrying the perform-

Although it is still too early

to make a comprehensive assessment there is certainly more

evidence than there was a year ago with which to start making

judgments on measures intro-duced so far. With an election

in the offing moreover, such a debate is inevitably becoming politically charged.

business policy — in the UK or anywhere else—is the question: "Are they different and if so how far do they need or deserve

The question

when we are assessing new policy options we must always bear in mind our overall econobear in mind our overall economic objectives. That is why I am tough in demanding cost effectiveness from grants and spending schemes for the curtailment of the public sector deficit and the reduction of interest rates is vitally important for all small firms."

At the same time conceder

At the centre of all small At the same time, concedes usiness policy — in the UK or nywhere else—is the question:

Are they different and to so which the Government has the

ing out that children are nurtured by family and state been concentrated on the tax seems and small businesses should be protected from the system, none so important as should be protected from the currently awaiting parliament advantages of the big battalions.

For a government committed to the spirit of free competition and an open market this is a delicate issue and it is probably not surprising that the attitude is a shade ambivalent.

In successive Budgets have thus semiously considered for this system, none so important as the Business Expansion Scheme advantages to Small Firm Investment Companies (SFICS). These would probably have been dueted, be open to institutional investors, and have provided a market for investors wishing to cash in their investment (this last is still perceived to be a problem).

After a lot of work by the Treasure and the Department of

MacGregor, in the sense that they are crucially dependent on improvements in the economy as a whole. The more big firms relief on investments up to which respond to market opportunities the better it will be for small companies, the car industry being a classic grample.

Scheme, to raise outside equity the proposal — SFICS were from individual investors. They abandoned this time round in provides a one-third gram will now be able to claim tax favour of the more readily the cost of investment to a firms in certain types scheme. They may well have their day, however, in a future Budget.

Early reaction from accounting the carried supplications already been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay been made on by the cost of investment to a firm and a decay for a decay of the more readily the cost of investment to a firm and a decay for a decay of the cost of investment to a firm and a decay for a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment to a firm and a decay of the cost of investment t

being a classic example. tanks suggests that there is That is why I have said that likely to be more demand from established companies for equity finance and a greater

long restricted to personal investment in residential "Are they different and if so thow far do they need or deserve special treatment?"

Many small businessmen—certainly their more strident representatives—would emphatically answer "Yes," pointing out that children are nurtured by family and state before they become edults just property, insurance contracts and pensions has been extended gauge the impact of this change.
One policy option very
seriously considered for this
year was legislation to give tex

After a lot of work by the

Treasury and the Department of an initial tranche of £30m was Industry—alongside the Confederation of British Industry weeks last year. The new (CBI), which put forward scheme has an allocation of

If the Business Start Up Scheme and the Business Expansion Scheme bave primanily been intended to rectify what have been perceived as deep-rooted imbalances in the system, measures such as the manily been intended to rectify what have been perceived as deep-rooted imbalances in the system, measures such as the headline-catching Loan Guarantee Scheme, the Small Engineering Figns Investment Scheme and the Enterprise sumerically controlled machine tool capacity in the UK and Scheme have spear-headed the Government's drive to help small companies offset decline elsewhere and lead the country out of recession.

country out of recession, The Loan Guarantee Scheme, which is discussed in more detail in a separate article, has been far more popular than originally envisaged when it was stanted in June 1981. Although there are no reliable figures the Government is clearly encouraged that it is a cost-efficient way of creating jobs and has lifted the ceiling on guarantees to £600m.

Doubts persist, however, over the ustimate failure rate and the way the scheme is being run by participating banks. The Small Engineering Firms

Investment Scheme was brought back in this year's Budget after

provides a one-third grant of the cost of investment to small firms in certain types of advanced machine tools. At a recent course applications had already been made on behalf of 313 projects involving £6m

The aim of the scheme is to inject new technology into small

EEC obligations

Under its EEC obligations the Government cannot specify
"Buy British" but a Department of Industry survey on
successful applicants to the first scheme concluded that by volume 57 per cent of orders were going to the UK machine tool industry.

The Enterprise Allowance

Scheme—which provides a grant of £40 a week for a year to unemployed people starting a business—has been extended nationwide after a pilot study in five areas with a large num-

pilot project has not yet been completed the Government is encouraged by the early response and by evidence contained in a survey last year that significant numbers of the unemployed aspire to be self-employed.

employed.

Behind the measure—which sims to overcome the problem that anyone in this position setting up business immediately loses their social security bene-fits—is also the hope that some in the "black economy" may be persuaded to "come out" into

the "legitimate" economy.

If given a second term, the present Government would cer-tainly pursue further changes in the tax system giving close consideration for example, to more relief on capital taxes and incentives to encourage small companies to plough back

retained earnings.

More will probably be done
to help small firms understand the purchasing procedures of big government departments though the balance at the moment is against a specific "set aside" programme—and considerable emphasis will continue to be placed on manage-ment education and advisory

The Government sees a very important role for the latter and plans to add a new bers of jobless. and plans to add a new Although evaluation of the Marketing Service to its range.

Surplus of births over deaths

by the Department of Industry objective of cutting down on the show that the net number of form-fibling burden of small companies in the United Kingbusinesses."

The second year running births and deaths of companies in the second year running births and deaths of companies

though in 1981 this surplus was rather higher at almost 15,000.

In 1980 there was a small net (The table above carries the deficit of 2,000.

In 1980 there was a small net deficit of 2,000.

Inevitably, perhaps, these figures—compiled by Mr Pom Ganguly, statistician in the Dol's Small Firms Division from the numbers of traders registering and deregistering for VAT—will be used by politiciat; to support claims that their policies are working.

(Inc. main findings.)

Over the 1980-82 period the figures show a net gain of around 1.5 per cent of the total stock of businesses registered for VAT.

Aftr Ganguly points out that there is a conceptual problem of what is a genuine hirth or death. For the purposes of his

Certainly they show that the turnover of businesses, with births and deaths both just under 10 per cent of the total 1.3m businesses registered for VAT, is high historically and many would argue that this is an encouraging reflection of ncreasingly rapid industrial

The more important issue for most observers, however, is how many jobs small firms can create and how far special measures to stimulate the sector have had an effect on employ-ment. On this little is known. ment. On this little is known Mr John MacGregor, Small firms size of the UK small firms is continuous manufacturing sector compared with other countries. It showed that while an apparently high 94 per cent of manufacturing mestablishmany will expand and create significant employment in their local communities, as I know from numerous examples I have seen over the past two years." seen over the past two years."
He adds: "I am currently investigating with small firms' organisations whether we might include in the VAT returns a question indicating numbers employed. This would improve

FIGURES RECENTLY released we have to bear in mind our

therefore there was a surplus in the UK in 1982 can be found of "births" over "deaths"— in the April 8 edition of British

death. For the purposes of his study "deaths" are defined as businesses ceasing to trade (whether or not there is a buyer for the business) and businesses which deregister for VAT (for

whatever reason).

"Births" are defined as all new registrations less voluntary registrations and those arising from changes of legal identity (eg. a change from a sole propristorship to a partnership).

Another significant research study was published last year by the Department of Industry-showing the relatively modest size of the UK small firms' manufacturing sector compared with other countries

ployees) this is fewer than many countries with a manufacturing industry on the same scale.

The study, also written by Pom Ganguly, is essentially an update to the conclusions of the 1971 Bolton Committee Report and subsequent research by Graham Bannock, the economics

ESTABLISHMENTS ____EMPLOYMENT

Tim Dickson

the statistics, but against that SMALL FIRMS IN MANUFACTURING

Country	Year	Total (*000s)	Small fina share* (%)	Total (m)	estab- lishments per 190,000 employed	ess per
Austria	1980	6.5	88	0.61	1.070	94
South Africa	1976	15.5	91	1.36	1,140	. 88
West Germany	1975	93.I	93	7.48	1,240	80
UK	1978	108. 0	94	7.11	1,520	66
U.S	1977	350.8	94	18.52	1.890	53
Canada	1978	32. 0	95	1.70	1.880	53
Australia	1978	21.5	95	1.15	1.870	53
Norway	1979	13.2	98	0.37	3.570	28
Switzerland	1975	62.7	99	0.95	6,600	15
Japan	1978	744.3	99	10.89	6.830	15
Spain	1978	164.8	97	2.30	7.170	14
Italy	1971	628.5	99	5,30	11.850	-8
Small firms' share of to to the size structure of the Federal Republic of Germa				hgures n		relation rarage in laroruses.

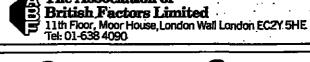
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growth? it's kids stuff

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SMALL BUSINESSES IV

Clearing banks are slow to adapt in helping new ventures, says Tim Dickson

Bank managers learn new skills

IT'S THE easiest thing for a bank manager to say 'no' to a new idea just because he doesn't understand it," admits John Kirkwood, Lloyds Bank's Small and Medium Business Finance Adviser. "The tragedy is that many good ideas have probably died in this way." probably died in this way."

Over the past few months
Lloyds has been hoping to
rescue a few ideas through its
New Technology Appraisal
Scheme—a new initiative to
help the bank's managers and
their customers evaluate the
potential offered by new technology.

The essence of the scheme is a tie up with the 'Interwork' team at the Cronfield Institute of Technology Business Development Centre through which managers can refer projects for outside technical and market appraisal.

and market appraisal.

New and existing Lloyds customers can qualify for the feasibility study—which is paid for by Lloyds—though, not surprisingly, perhaps, much will depend on whether the bank manager, who continues to do the financial appraisal, feels there is a sporting chance of tending the money. Lloyds say some 25 studies have been carried out since October but hopes to step up this figure "now that the early wrinkles have been ironed out."

Important

"Increasingly investments in-"Increasingly investments in-volving new technology call for special skills to assess the project," says Mr Kirkwood who adds that referrals cost about £750 a time. "It's definitely one of the most important things we are involved in at the

With so much political atten-tion on the small business sector all banks are continuing to develop new services for their smaller customers. All have enthusiastic units at head office brimming with ideas but the problem remains that the bulk of their business with small customers is done through the 11,000 to 12,000 high street

While there are obviously plenty of good managers there are also vast numbers too old or too rigid in their ways to adapt to the more entrepreneurial style being urged from the centre. In spite of these difficulties

banks are making greater efforts to adapt to the needs of their customers and one of the most interesting is in the area of Not long after the Lloyds

announcement, National West-minster Bank followed with its Technical Advisory Point scheme — a similar idea except

Cost/Conditions Term Limits Security BARCLAYS Royalty linked to sales projections No capital repayments royalty only covered 3/5 years £5.000-£100.600 Yes Negotiable Interest rate: Business Expansion 2/20 years £5,000-£500,000 Yes Floating 11-4% over base Fixed 14-16% Monthly Fixed 9.1% £5.000-£100.000 Negotiable 8 years Upon receipt of funds 180 days Base rate + 11% + Smaller Exports Scheme Comprehensive 90% of involce policy in the bank's name value £50,000 LLOYDS Monthly Fixed: 16.7-17.7% £5,000-£25,000 Normally Up to 5 Floating: 3-5% over base Monthly/quarterly £25,000-£250,000 Up to 10 MIDLAND Floating: 1-5% over base Fixed: 15-16% Negotiable 2-10 Floating: 3% over base Monthly/quarterly £5.000-£250.000 Yes Floating: 3-4% over base Fixed: 15\frac{1}{2}\% Monthly/quarterly Normally £20,000-£500,000 Long Term Monthly/quarterly Fixed: 11-11}% £15,000-£250,000 Nermaily NATIONAL WESTMINSTER Monthly e2.000.6250.000 Optional Fixed: 13.1-15.8% Business Development Fixed 13.1-14.4% Floating 21% over base rate on variable rate loan* Optional Monthly CoSTRA Joint Lending £2,000-£255,000 Fixed: approx. 6.5% for 5 years then approx. 91% for 3 years (Job creation a requirement) Monthly £5.000-£250,000 Normally ECSC Loan Fixed: 11-11.5% Monthly £15,000-£250,000 Normally Fixed: 15% No-Directors £10,000-£100,000 1-10 Grewth Options WILLIAMS AND GLYN'S Monthly £2.500-£100.000 Normally Under review

MAJOR CLEARING BANK LENDING SCHEMES

Available England only in areas of under 10,000 population—rebate of 3% on CoSIRA part of loan for job creation in some areas.

NatWest have a number of other academic and research institutions as participants, not just Cranfield.

With customers' agreement, says NatWest, it is being offered selectively and only being used in "instances where the success of a particular product/project is crucial to the viability of the lending proposition under con-sideration."

The early take up has apparently been "negligible" but the bank points out that its avallability has helped highlight existing bank leading schemes. The cost of the Technical Advisory Point's report is shared equally between shared equally betw NatWest and the customer.

Midland Bank, meanwhile, has a number of "in house" industry specialists and claims to have scored a first in May 1980 when it appointed its electronics industry adviser

Mr Amies was recruited from Standard Telephone and Cable (STC) and according to Mid-land "his team takes over when the expertise of line man-agement runs out."

This is likely to happen either that the product is technicelly too advanced for him or he needs advice on the potential market and competitors.
Barclays has a three-man
High Technology Unit in
London, one of whom at the
moment is Dr Colin Ricks, a
secondee from the Department moment is Dr Colin Hicks, a able from the Ells for all small secondee from the Department and medium sized businesses of Industry. Problem cases come (regardless of location in the to the Unit—or representatives UK) under the so-called New can visit the customer—and if Community Instrument.

an informed answer still cannot be provided the project is sent to Manchester University where Barclays sponsors a vices (BAS), set up in 1973 and Chair in Microprocessor Applications in Industry.

cations in Industry.

Barclays also likes to channel high technology proposals through specific branches. The bank likes to think, for example,

that with the cluster of new electronics companies in the Cambridge area three of its businessman. Barciays has branches there have built up a particular expertise. Certainly Barciays has picked up an en
Both banks say that given has been accompanied by funds are of the NatWeet's corn that with the cluster of new electronics companies in the Cambridge area three of its

viable share of the business. Besides thinking about the challenges of new technology, the banks have been developing other services with their small business customers in mind. All are involved with more intensive management training, special loan schemes (covered in the table) and secondments to enterprise agencies—the last often used as a sort of manage-

ment training in its own right.

Loan schemes

The number of loan schemes has grown in the past yearpartly because banks see new products as a good way of draw-ing attention to themselves (even if many of them are the same after the wrapping has been torn away) and partly because of the increasing in-

terest in European lending. Money for both the European Investment Bank (EIB)
European Coal and Steel and munity Schemes is actually raised by those institutions in a mixture of currencies and parcalled out by "agents" such as Act. The bank is now 17 ner the banks.

For the first time this year cheap European loans are available from the EIB for all small

recent economic conditions many of their BAS managers

have been preoccupied with companies in trouble. "It has inevitably been more of a fire-fighting service," commented Barclays. Mr Kirkwood says: "We are looking forward to the next 12 to 18 months when we hope that the primary role of the Business Advisory Service—helping good companies expand — will reassert itself."

Instead of interest payments great the Start Loan gives Banclays a tion. return linked to sales in the

form of a royalty.

This is a useful facility for new companies with early cash flow problems but it has not been widely taken up in the last year (total lending since the scheme was first introduced is £13m to 379 customers).

for a return of around 17 per cent midway through the life of the loan. Over at National Westminster

Noel Dearing, manager of the bank's Small Business Section, (K) under the so-called New foresees "package leading" as an increasingly important Barclays and Lloyds, mean-feature of the small company

to their Business Advisory Services (BAS), set up in 1973 and the Council Of Small Industries 1976 respectively. These consist in Rural Areas (CoSIRA) is a in each case of a band of highly case in point—CoSIRA is able trained managers who specialise in "in depth" reporting on all aspects of companies a maximum of £im) above that which can take up to five days.

NatWest's most popular " product" is the Business Development Loan under which £811m has so far been lent—a 46 per increase over the last 12 months. Midland's broad approach in

under one of the NatWest's own

many areas is as far as possible to deal with their corporate customers exclusively through a companies expand — will customers exclusively through a series of area offices. Typically an area office will handle the innovative small business customers of seven or financing schemes has been the Business Start Loan (see table). Instead of interest payments greater expertise and specialisation.



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CASE HISTORY How Bevstone stayed afloat

MANY small businesses are born when the chips are down —and Woolwich, South Lon-don-based Beystone is a good example.
Faced with closure by his

Faced with closure by his parent company directors just over two years ago George Stone, the managing director of Harvey Fabrication made a bid for the assets of this plastic monidings husiness. With the help of Barclays Bank Business Start Loan he got the new venture going but as a result of early and unforeseen difficulties and unforeseen difficulties the money ran out, "My branch manager was with us all the way but at the regional head office we were told that we'd had our chance

Fortunately Stone bumped into Professor Brian Wilson of the Cranfield Institute of Technology "Interwork" team at a reception to open the London Small Business Centre of Commercial Credits —financial arm of the worldwide computer services company Control Data. After a "very positive" appraisal by Cranfield of Bevstone's process for making polyurethane mouldings for the computer industry a business plan was put together and a loan sought from Commercial Credit under the Loan Guarantee Scheme. A loan of £75,000 was agreed. As Stone points out, "the problem was

trying to convince a bank that here was a viable project when we didn't have sufficient business assets to offer as security. Commercial Credit adopted a commendably approach." entrepreneurial

The key process was first developed in the Harvey Fabrications days but Bevradiceacous tays but Bey-stone has since spent much time and money perfecting it. The company specialises in low quantities of cases aimed particularly at customers who might be working on proto-type runs of a new product, "We don't have to charge the customer 'up from' money for tooling," explains Stone.

"We have had our ups and downs," he adds, "but I hope at the moment we're on the up. We almost falled at the start because we had too many orders and couldn't met them. Machines broke down, the materials were faulty and we had problems with labour." Since the new

Ups and downs

round of financing last year, Bevstone's workforce has gone up from 20 to 25.

Commercial Credit, meanwhile, prides itself on being able to offer Loan Guarante Scheme participants and other customers advice and guidance through its Business Centres. The third was recently opened on Mersey-

to provide a range of financial and other support in conjunction with Control Data, Sedgwick Group, the insurance brokers, Cranfield and a leading accountancy

Tim Dickson

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Financial Times Tuesday May 3 1983

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BIRMINGHAM

The UK Government's Loan Guarantee Scheme pushes back the frontier of 'acceptable' risk for small businesses, as Tim Dickson reports

Loan scheme aids 10,000 companies

After two years of operation the verdict from Ministers appears to be that it is a cost efficient way of helping small businesses and creating employment—a point confirmed by the Chancellor's announcement in the Budget that a further £300m has been made available to take the scheme through the next 12-months. Highly tentative estimates of 50,000 new jobs have not been actively discouraged by Whitehall.

In spite of the official en-thusiasm, however, a number of critics remain unconvinced. Nobody, they say, has ever adequately set out the criteria for success, the number of "scheme" companies which fail could turn out to be higher than at the moment anticipated, and the amount of "additional" lending (which would not otherwise have taken place) could be lower than is currently hoped. Doubts persist about the manner in which some loans have

een made. The scheme was introduced in an attempt to meet head on the frequent complaint that smaller sinesses are at an unfair dis advantage when seeking money from their bank. Banks argue that a good manager will always back the "right man" but too

MORE THAN 10,000 small companies—almost half of them absence of a track record and/start ups—have now reised over 5300m between them using the proved too great a handleap.

Start ups—have now reised over or adequate security have from the chemic was thus intended to state the frontier of The scheme was this intended to push back the frontier of

to push onex the invitate of acceptable risk.
It does so by guaranteeing 80 per cent of medium terms loans made by the 30 participating financial instillutions—in return for a "meanium" acutivalent to for a "premium" equivalent to for a "premium" equivalent to 3 percentage points of the guaranteed portion. The result is that if a customer using the scheme goes out of business the lender ends up with only 20 percent of the had debt. A particularly popular condition with borrowers is that personal security must not be taken.

Repayments

Businesses in most sectors of the economy drynlying tradeable goods and services are covered but certain areas—betting and gambling dens, for example—are excluded. The maximum amount which can be borrowed is £75,000 (there is no formal minimum), the loans are repayable between two and seven years and applicants must be prepared to pledge all available

Potential borrowers should approach the bank they choose. Managers then carry out their essessment and send the application to be endorsed by the Department of Industry.

To qualify it is important that the borrower is involved.

finance ventiles they would never have contemplated touch-ing themselves. But this is against the spirit of the meas-ure. Broadly speaking succes-ful applicants should have been ineligible for hormal bank sup-port either because they do not have a track record or because they do not propersy sufficient

recurity.

The tost of government guaranteed loans comes in two parts — the interest rate charged by the bander (which will vary) and the government premium afready mentioned (an effective 2.4 per tent of the total loan, ie, 80 per cent of 3). Looking through the range of charges made by participating institutions the Co-Op Bank emerges cheapest at 1; per cent above bese and Barclays and Aldfand the most expensive of the Big Four at 2; expensive of the Big Four at 21 per cent over base. Some feel that given the banks' limited exposure these rates are still on the high side—but competition

Some idea of how the scheme is working emerged recently from an investigation commissioned by the Department of Industry and carried out by the accounting firm Robson Rhodes.

in a visible project in the eyes. The main part was a close look of the leader. Early experience at threumpaness which gave suggests that the banks in some instances may have used the to the first 50 closurs made instances may have used the to the DoI by scheme leaders, scheme to office bad debts or Given what Robison Rhodes finance ventiles they would admit a statistically invested. sample the conclusions have to be treated with some care but they nevertheless represent the only official commentary avail-able.

Although Robson Rhodes found that the scheme was being conducted "conscientiously" by the banks, the authors were artical of banks applying techniques (described as pathly) and the presentations of accountaints ("often inadequate").

Inexperience

The observations are a sharp reminder as Robson Rhodes puts it that "appreciation of small businesses, their management, their financial needs, controlling and monitoring their development, reacting to the rapid development of their difficulties, still suffers from limited understanding by their own management, by profesown management, by profes-sional advisers and bankers." The "failures" study draws The "failures" study draws attention to the increasing use of the Loan Guarantee Scheme as a "topping up' facility in a parkage of structured finance (equity, term loans, and over-draft); it observes that "capital gearing (the proportion of loans to country) and in particular seems to have been largely re-stricted to who can lend the to equity) and, in particular income gearing (the amount of net income taken up in repay-

astonishingly high in a very large number of the failures which we studied," and it indicated that many scheme borrowers seemed to be inexperi-enced at running and controlling their businesses.

A separate commentary on a telephone survey of 200 scheme borrowers conducted by the borrowers conducted by the Department of Industry concluded that on the question of additionality "over half the borrowers in the Sample believed that they fold have other than under the Loan Guaranne Stheme, although in half of such takes borrowers indicated that the likely terms would not have been acceptable to them. . Only a third of the borrowers questioned said that it would have been totally sincessible for them to have raised finance other than under the finance other than under the

Of most interest to many is the failure rate. Originally con-ceived to be self-financing (pre-miums covering claims) the Government has admitted so far that for the last financial year claims were expected to exceed premiums by around £8m. Outside estimates of the failure rate have varied from one in five to one in 20—it being argued that early experience was not typical—but Robson Rhodes concludes that "it would be prudent to take a view of a rate of one in five loans as

(ICFC) points out that one in three of the new businesses which it backs fails within the first five years.

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If S A Company is a company in a company is a company is a company in
Contrary to some expecta-tions the Government made only minimal changes to the terms and conditions in this year's Budget. Apart from marginally extending the number of sectors covered there manber of sectors covered that in carrying out their commercial appraisal the banks will want to take full account of the personal commitment of scheme borrowers to their business." Cases have been reported where pro-prietors have been able to walk away too easily from a failed business leaving others to pick up the pieces.

Scrutiny

Given the Government's new guidelines borrowers can there-fore expect bank managers to scrutinise their applications more closely. With two years' experience behind them, however, the banks should now be better equipped to run the scheme more efficiently.

Small businesses should not be wraid to shop around. They should bear in mind, though, the dangers of taking on too much debt and saddling them-selves with intolerably high interest charges.

the ability to repossess from defaulters. Therefore hire pur-

chase is also to be considered when normal borrowing

The assets that qualify for

100 per cent first year allow-

ances may be varied in a Finance Act but it does currently include plant and

machinery but not private cars. However if a business is to

enjoy a long term shelter for its tax liability in this way then an

on-going investment policy must be followed to replace

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ready to expand (most companies that move here do)

there are larger offices, factories, warehouses and

and any staff you bring with you or recruit to

AFTER ENJOYING an enormous surge in popularity through the 1970s, the growth in leasing business has eased in recent years. But this is a reflection of supply and demand rather than any decline in its practical importance as a financial device for businesses.

Essentially, leasing is a means by which a business can convert the negative nature of taxation to a positive source of finance. However, unlike grants, a business can normally only benefit from a tax incentive by having a tax liability in the having a tax hability in the first place. In many cases a new business may be making losses, or little profits, and therefore have a nil or insignificant tax liability. The growing com-pany will very often be able to shelter its profits from tax by stock reliefs and capital allow-

But this does not apply to

financial companies, which have little or no investment in plant and machinery to qualify for capital allowances, and no shortage of tax liability on their

Until the 1970s, leasing was generally concerned with operating leases under which vehicles, office equipment and office furniture may be leased on a short term basis. The explosion really began when in 1972:100 per cent capital allowances were made available to businesses buying almost any

This enabled those companies with heavy tax liabilities, and insufficient offsetting allow-ances, to buy plant and equip-ment which attracted allowances. These assets are then leased out at a rental that repays the principal and the interest charge, usually some

total rental is reduced to reflect some or all of the tax allowance that the leasing company has earned. At the same time the lessor company earns a good rate of interest on the money involved just as if it had made a straight loan. Not surprisingly, the banks were quick to develop the potential that leasing offered.

By 1977 this form of business was growing apace and by last year the market had reached \$2.80n with the UK business up 30 per cent. Action by the

30 per cent. Action by the authorities to choke off international leasing reduced the overall rise to 6 per cent, how-

Apart from overcoming the lack of tax liability, leasing offers a business an opportunity to "borrow" when all other channels for raising finance, other than through an issue of shares, have been exhausted. So, when a bank manager appears to be deaf to appeals for an increase in graduated. increase in overdraft, he or his counterpart in the bank's leas-

counterpart in the Bank's leasing company may well be very willing.

The reason is that an unsecured loan or overdraft leaves the lender little room for action should the borrower default on the payments, and this has frequently meant calling in a receiver or the liquidation of a company. The leasing company, on the other hand, can simply on the other hand, can simply repossess the assets leased and, unless of a very specialised nature, find itself another client.

Termination

This, of course, is looking on the black side. Where long term leases, called financial leases, are concerned, the hirer will have the asset for the whole of its useful life and, providing it is agreed in the small print of the contract, will enjoy the benefit of its residual value. Financial leases normally eannot be cancelled for the first

rannot be cancelled for the first few years, whereas a short term operating lease can be terminated at fairly short notice. Providing that the lease is for a realistic period in relation to the period before the

which is likely to be shorter than the working life—then the question of termination should not arise.

In the meantime a business has the use of an asset and released funds for application elsewhere. It also permits some precise cash flow projections to be made and enables the less financially minded businessman, especially, to measure how statistics show that after HP lending to industrial and commercial companies reached a peak £328m in 1979 it fell to £202m and then to £27m in the following two years. Hire purchase could be regarded as the opposite of leasing. Capital allowances relating to the assets acquired under a hire purchase agreement apply to the purchaser

Financing methods: advice is essential to assess the true cost and benefits

of leasing and hire purchase for small companies, says Christopher Cameron-Jones

It pays to check the fine print

in relation to its costs.

In other words, it concentrates the mind on the cost, like having a hired car standing in the driveway. In real terms it may be costing no more than the fully owned car but it seems like it.

There are disadvantages to leastly that were

leasing. It certainly tosts more than outright purchase, if the aim is to maximise future cash settable tax liability position is likely in the short term. It also calls for a subjective assess-ment of the life of an asset before it became obsolete. This life could be changed dramaticaly by future events such as a speed up in the "state of the art" of some process calling for a more sophisticate machinery, or a sharper than forecast growth of the company leaving it in need of faster output machines without output machines without increasing factory space. The problems are not the

four to five percentage points above bank base rates.

But the attraction is that the total rental is reduced to reflect for a higher rental, the brunt for a higher rental, the brunt for a higher rental, the brunt for a higher rental bandacha of the obsolescence headache.

Options

Nevertheless leasing has to be included among the various options open to funding a small or large business. It is an approach adopted by even the largest of companies to varying degrees. In its annual survey of 300 major UK companies published accounts the Institute of lished accounts the Institute of Chartered Accountants in England and Wales shows 48 companies that disclosed they had leasing, hire purchase or instalment credit agreements. On the other side of the coin at least 52 of the companies surveyed indulged in leasing

surveyed indulged in leasing to third parties.
Currently, the accountancy profession is tussling with the question of how leases should be disclosed in company's accounts. Though it published its initial proposals, in exposure draft 29, in October 1981 it has so far failed to publish precise mes in the form

lish precise rules in the form of an accounting standard.

Technically, the accounting treatment of leases is some-thing best left to the accounting profession where the small business is concerned. At the business is concerned. At the end of the day, as this impinges upon the profit figure shown in the accounts presented to the tax man then it cannot be totally ignored. There is also the danger the proposals, as originally introduced, might undermine the present legal position on ownership of the assets involved. This could shift the tax treatment and pull the plug on the whole structure. the plug on the whole structure. But these matters are for the future. In the current circumstances leasing is a consideration for a small business but should not be undertaken without both legal advice, as to the

fine print of a contract, and financial advice as to assessment of the projected true costs and benefits to the undertaking. Equally a reflection of the recession and cautious investment by companies is the decline in the use of hire pur-chase. The latest Government relation to the period before the asset reaches obsolesence — which is likely to be shorter statistics show that after HP

tax liability and is also unable effectively an asset is employed and, therefore, to benefit, that to benefit from further concessions.

In other words, it fonces tax liability. Therefore, there there in tomorrow's pound business must have sufficient lowering the real cost.

The lenders are The lenders are because of the high interest rates that can be secured and

is no benefit to the loan com-pany who will charge the full cost of the asset and a high As with leases, the interest payments are tax deductible, but they key attractions of hire purchase are the same as those of straight forward borrowing,

except that it is generally more expensive. Firstly, there are the cash flow benefits from spreading the expenditure over a number of years though a deposit element may increase initial costs. At times of high inflation there is the added advantage of having use of an

> which are not satisfied with low growth rates and low profits 99 John Parkin, Managing Director

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The trouble with the City | The trouble with the City is nobody there under is there's so much money stands my new worldbeating computer driven toothbrush - Frustrated inventor Herbert Filling, capitalist Ikky Vickyman, May 1983.

chasing new companies any idiot with a half-baked plan can raise equity these days May 1983.

Guidelines for seeking venture capital

NOBODY CAN dispute that there are more sources of risk capital in the UK today that ever before. Espanding private companies, management buy outs, start ups and potential Unlisted Securities Market high filers are all terms which make fund managers drool with excitement in a way which would not have been thought possible even a couple of years ago.

Yet many entrepreneurs, inventors and small businessmen are unhappy with what the City has to offer. They complain that interest is shown in their projects and that all too often they are sent packing with scarcely a helpful or informed comment on what they are doing.

No doubt faults lie on both sides. But according to John Parkin, an industrialist who is now managing director of the venture Capital organisation.

The first personal appearance of the last two years—in which lays down and invested in the reality counts. There may be are late, but the fund manager had invested in surprising how many experiences of the last two years—in which have been thought would not have been the first work of the last two years—in which have been thought would not have been

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doing.

No doubt faults lie on both sides. But according to John Parkin, an industrialist who is now managing director of the venture capital organisation English and Caledonian, many of those in search of money fail to show the sort of professionalism that they expect of those paid to make investments.

"It is the failure to com-"It is the failure to com-

Professionalism shows in presentation of information. Conciseness, clarity and good lay out are essential. If a pro-

YENTURE Capital TID NOW, LET ME DOTHE!

ject is poor not even a cash flow forecast on veilinm will help—at least it will be read.

The first personal appearance really counts. There may be every extruse in the book if you are late, but the fund manager will wonder what you'll be like when the pressure is off. After all, he is risking his reputation and memory on you.

The City is looking for a team. Bring in colleagues for a members and the project that is a particularly important to the project. This is a particularly important to their business from a parent commany.

Can you fight back if con-fronted by problems or set-backs? This is an arrivade of mind which will almost cer-tainly show up in questioning.

company.

Do you have four weekly accounting periods by which you and your backers can monitor the progress of the business?

MAN THE REAL PROPERTY.

Financing methods: Terry Garrett on a service for export trade

Forfaiting has its advantages

to ECGD backing—handled by bankers rather than a Government department. Probably its most limportant advantage for the exporter is its flexibility and speed of reaction to any possible deal.

FIT WOULD be astounding to might be the supply of capital Second the bank loads on a goods the technique can be find any British exporters who bad not heard of the Export British manufacturer. Payment cent to cover its risk of enterbanker puts it, "I don't care for the goods has been agreed ing into a fixed rate trans if you was to buy sugar over had not heard of the Export
Gredit Guarantee Department,
even if they do not use that setvice. But how many are award
of another form of export financing called forfaiting? Precious
cing called forfaiting called called called forfaiting called calle

rather than collect on bills every have been burnt before. Most six months, If he approaches a six months, If he approaches a bank active in the forfaiting bank active in the forfaiting commitment fee which should market that bank will examine also be considered by the the credit risk of the country involved and that of the importer's bank who is guarantee ing, or avaling the bills. It may well be that the equipment is guing to a foreign governis going to a foreign govern-ment department in which case the British bank is only assess-ing the credit worthiness of that country.

Assuming that the London bank is satisfied with the credit

The similarities with the Government's export credit services are clearly there. Per-haps forfaiting has the advantage of being more flexible. It has no hard and fast rules to work by, and indeed one for-

per cent of the deal.

Of course, what attracts some exporters is the total non-recourse nature of forfaiting. If something goes wrong with the payments it is up to the London bank and the avaling bank to sort out. Once the exporter has got his money he will not get involved again, it is up to the London bank to collect the bills as they become due from the foreign importer.

The London fortaiting market

members missisted ence of the project. Possible deal.

Forfaiting, so called because the financier forfeits the right of recourse to the exporter, management team the finance west management team the finance west come a parent blue countries over 20 years ago. Not surprisingly the seeds of forfaiting were sown by the Swiss banking community. By periods by which your backers can be proposed to help finance west the seeds of forfaiting were sown by the Swiss banking community. By the late 60s, this type of financing the financing. This fight back if comproved in London to financing the financing of the late 60s, this type of financing the periods by which is one of the biggest players on the London scene, is an artistude of with a most major currencies at the wish of the importer. There is little or no exchange risk to the exporter as he gets his discounting by two further variable figures.

First, the pricing of the little pricing of the little account of the risk element of the creditor, the stated forfaiting in 1967.

Tim Dickson

Assuming that the London hard and fast rules to work by, and indeed one forfaiting bank may take on a risk it will then make an attempt to average out the cost of financing the deal. Using the deal. Using the deal of the financing the deal of the little and the countries at the wish of the importer. There is little or no exchange risk to the exporter as he gets his discounting for oversely the pricing of the little or no exchange risk to the exporter as he gets his discounting for oversely the pricing of the little or no exchange risk to the exporter as he gets his discounting for oversely the pricing of the little or no exchange risk to the exporter as he gets his discounting for oversely the pricing of the little or no exchange risk to the exporter as he gets his discounting for oversely the pricing of the little of the importer. There is little or no exchange risk to the importer. There is little or no exchange risk to the importer. There is little or no exchange risk to the impor

Where to find the Money

Ablneworth: Invests between £100,000 and around £500,000 in established but occasionally start-up companies. Tel: 01-839 6745.

Advent Technology: Invests Advent recombing: invests \$100,000 to \$500,000 (more if syndicated for equility) in startup and established technology-based concerns. Edinburgh (631) 225 5784.

APA Venture Capital Fund:

Seeks equity in a broad range of established or start-up situ-ations, not necessarily high technology, 91-493 3633. British Technology Group: Invests in equity (and occa-sionally provides loan) of manufacturing companies, in-cluding start-ups. No limits. 01-828-3490 and 01-730-9600. Capital Partners Init: £10,600 to some £350,000 invested in

companies with overseas in the companies with overseas potential. 01-584 7299.
Melville Street Investments: Invests £50,000 to £500,000 in established cumpanies. Edinburgh (031) 226 4071. Mothercourt Securities: Seeks £25,000 to £1.5m equity

investments (sometimes syndicated) in small UK private ompanies, 01-831 8919. Midland Bank Venture apital: Invests between

equity and preference shares of start-up or very young companies. 01-606 9911. Protect: No set upper or lower limits. Invests in equity of established and start-up and pre-start-up high-technology situations. 01-491

Rainford Venture Capital: Between £50,000 and £350,000 is invested in start-up or young companies in the North-West. St. Helens

(0744) 37227. Scottish Offshore Investors: Seeks equity funding in companies orientated toward energy services of between £50,000 and £250,000. Glas-

£50,000 and £250,000. Glasgow (041) 204 1321.
Technical Development Capital: Invests between £5,000 and £2m in equity of technology-based companies of in £66 interest long-term loans of preference shares. 01-928 7822.
Thomson Clive Funds: Invests £20,000 to £360,000

in private companies: 01-491 Venture Founders Capital: £50,000 to £250,000 invested in equity of small-to-medium-sized companies with good growth potential, Banbury (9295) 65881.

RUSINESS START-UP FUNDS (NOW BUSINESS EXPANSION SCHEME)

Electra Risk Capital, 01-836 7766; Basildon Fund, Chelten-ham (6242) 584380; Mercia Venture Capital, Birmingham (621) 643 3941; Creative Capital Fund, Edinburgh (631) 226 4071; Northern Venture Capital Syndicate, Edinburgh (631) 557 3560; Kyle Funds, Glasgow (641) 248 2911; Oak Venture Fund, Manchester (661) 834 8262.

Processing proves time-consuming

company to be seeking venture capital. There is a good deal of money about and there are now a fair number of funds to theory about a seeking the seeking the seeking the seeking the seeking a business plan as their amount of funds to the seeking
choose from.

There is fairly substantial competition among members of the venture capital industry to place funds in good suvestments and there is expensive available in the industry that can be of considerable assistance in banaching a new venture or directing a youngish ture or directing a youngish company on a more rapid

For industry it has yet to be fully tested, however. Essential to its development is how well it is able to issued its offspring by way, say, of the Unlisted Securities Market or Stock Market, and how well it copes with a fall when an agains. Therefore their investingent of the same of the capital same as a same of the capital same of the capi

American practice.

There is also satisfaction the amount of manpower availabout the sums of money raised able. from institutions—and to a Un greater or lesser degree venture is now a solid core of people experienced both as entrepreneurs and investment experienced both as entrepreneurs and investment experiences. are able to choose from.

What they have found, though, according to Susan Lloyd, of Venture Economics, the research organisation forming part of the American Capital Publishing Corporation Capital Publishing Corporation investments by venture capital (publishers of Venture Capital Journal), is that the processing of potential investments has been both more time-consuming and costly than in the U.S.

Susan Lloyd says that many venture capitalists have discovered that British entre-

quently, it has, in many cases, been a more difficult process to bring potential investments to the point where a first decision can be made on their viability. One of the debates taking place within the industry concerns the questions of whether too much money is currently chasing too few investments—

Certainly there are several schools of thought, but it is clear that among those independent funds making high risk equity investments there are those who believe that the tax at copes with a fall when an gains. Therefore their invest-nvestment goes sour—as some ment criteria are less stringent nevitably will. Those in the industry seem to be generally satisfied with progress so far—the current phase of venture capital growth is barely three years old and has that one of the major content phase industry industry must be amount of manpower available.

> Unlike the U.S., where there peris, the UK has a shortage. The problem, she feels, may come if the consequences of in-experience manifest themselves in investments going to the wall The next year to 18 months will be a crucial time. Some

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2. Is the idea you have in mind a real step forward?

3. Have you worked out the feasibility of your project with

4. Are you totally convinced that you have the drive and commitment to see your enterprise through?

5. Would you like to set up in business in Wales?

can help me set up in business.

a financial adviser such as an accountant or bank manager?

SMALL BUSINESSES VIII

The Business Expansion Scheme offers tax advantages, says Tim Dickson

Finding the right path through the jungle of tax legislation

legislation affecting the small firm is a full-time job. Budgets teem with new measures pro-viding much of the sparkle in what is generally a rather dull statement—while the passage of the Finance Bill through of the Finance Bill inrough Parliament is often an oppor-tunity for subtle but significant changes to the original pro-posals. All the more reason for small businessmen to be competently advised by an accountant whose service is not confined to the mechanical one of carrying out the annual

The Business Expansion Scheme, is potentially the most significant incentive in this year's Budget. Successor to the Business Start Up Scheme, it offers tax

relief to individuals who invest relief to individuals who invest in shares issued by established unquoted trading companies, not just new ones as before.

Small business directors and their employees are again those excluded from the proposed legislation—a restriction which some will find disappointing. Nor can fathers be allowed to invest to earch businesses and invest in sons' businesses and claim the relief.

However, the range of com-panies into which "outside" investors can now put their money and save tax—the net cost of a £10,000 stake to a 75 per cent taxpeyer is only £2,500—has been considerably

The maximum which an individual may invest in this way in any one year has been doubled from \$20,000 to \$40,000, the old condition under the Business Start Up Scheme that Business start up scheme had relief be restricted to 50 per cent of the issued share capital has been abolished, and in general investors should be able to receive their money back from the Inland Revenue either as a lump sum or in the form of an adjustment to their tax coding more quickly than

Positive response

The Business Expansion Scheme has certainly met with a much more positive response from financial advisers than the Start Up Scheme (first intro-duced in 1981). The conditions are less complex and it is generally felt that more people will be persuaded to put cash into established companies— which have a track record—than into "start ups" (defined under the Start Up Scheme as up to

response from companies them individual has worked for the selves until the scheme is on greater part of the time in the the Statute Book. Nevertheless lobby groups and financial institutions such as Electra Risk
Capital which manage specialist
venture capital funds are convinced that the demand is finere.
There are, they say, plenty of
unquoted trading companies
who could do with the capital
to bolster their balance sheets
or take advantage of a new trading opportunity. Although many
British businessmen are still
reluctant to "give away"
equity the Business Expansion
Scheme should provide a useful
counterbalance to the Loan lobby groups and financial insti-

counterbalance to the Loan Guarantee Scheme which many feel is encouraging many com-panies to overrely on borrowed

off against tax, money put into their businesses under the Busi-ness Expansion Scheme, will nevertheless find that tax relief is available for interest paid on borrowings used to invest. If more than half the shares in the company are owned by five people or less—broadly the definition of a "close" company

in this way.

In the 1982 Budget the eligibility conditions were eased still further and an

management of the company, interest relief is also given. In this year's Finance Bill there is a provision to extend borrowing money to buy shares n an employee-controlled com-pany as part of a "buy out." A less well known measure worth bearing in mind is the

Venture Capital Scheme. Since 1980 this has allowed losses incurred by individuals in unquoted trading companies to be offset against income rather than capital gains as in the

minds.

One feature of start ups—
Entrepreneurs who cannot set particularly high technology
off against tax, money put into ventures engaged in R and D—
heir businesses under the Business Expansion Scheme, will trading period. In 1980 a
levertheless find that tax retief measure was introduced allowing certain pre-trading expendi-ture of a revenue nature incurred 12 months before trading starts to be knocked off the first year's chargeable profits. This has now been anyone who owns more than 5 per cent can also get tax relief

ments for private companies in the lifetime of the present Government has been the legisalternative "test" introduced. Government has been the legis-Provided that in the period lation allowing all companies to repurchase their own shares. allowances, for example, mean Financial advisers are excited that the cost of purchases of

porting "buy back" provisions into an equity package for unquoted businesses. For along with the Unlisted Securities Market they go some way to providing an "exit" for controlled investors at a later date.

The full cost, however, of a

outside investors at a later date. As originally envisaged the repurchase of shares would have been treated as an income distribution—and thus attractive—but following 1982 Finance Act it will be treated as a capital distribution

special concessions are available to small companies in the areas of Value Added Tax and Corporation Tax. The VAT registration limit has now been raised to turnover of £18,000 (this year's Finance Bill) while the small companies' rate of corporation tax has been reduced from 40 per cent to 38 per cent for profits up to

extended to three years.

If much of the emphasis has \$100,000. The limit at which been placed on "start ups" one the full 52 per cent becomes of the more significant develop payable has been raised to mente for private companies in the full start of the more significant develop. £500,000.

Reliefs, meanwhile, should not be forgotten which are available to all businesses. Capital

same way.

The full cost, however, of a small industrial workshop of not more than 1,250 sq ft of internal floor space can be deducted from profits in the first year. Stock relief helps a business offset the effects of inflation and applies to most businesses with stocks of more than £2,000. with stocks of more than £2,000.

treated as a capital distribution for capital gains tax purposes provided a number of conditions are met.

The Industrial and Commercial Finance Corporation (ICFC) has published a useful guide to the legislation—available from any of its offices—while most big accounting firms have published booklets laying down the rules.

Special corpossions are available for their efforts will not all end up with the Inland Revenue. up with the Inland Revenue.
"Rollover" reliefs, meanwhile are available for CGT if the

business assets. The first £5,300 of gains at the moment are in any case exempt.
On Capital Transfer Tax promany would like to see roll-over relief here so that businesses can be more easily passed on to

more than £200,000 can be handed over free of CTT if, say, a husband and wife who own jointly the company take full

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Eric Short provides useful guidelines for start up businesses

Handy insurance packages

SMALL businesses, especially unaware of this requirement. "start-ups" run many trading risks—for the most part uninsurable and just part of the risks incurred by any industrial or commercial operation.

The entrepreneur, however, needs to consider other risks that could affect his business, such as fire, theft, floods and what insurance companies refer to as "other perils." These are insurable. Indeed insurance is as

essential to the small business as it is to the major companies, possibly more so since a small business is far less likely to be able to overcome an unexpected setback than a big one. Some insurances are required

expand and starts hiring staff.
At once he becomes liable in only one, and should take out employers liability insurance.

John Sinkins of the cost of new machinery, the cost of rebuilding his factory and so on.

Employers in cost of new machinery, the cost of rebuilding his factory and so on. John Sinkins of the East Grinstead firm of insurance

by law and apply the moment

brokers G. F. Thompson and Company, a specialist in small company insurance, says that many new employers are quite

This insurance covers the employer's liability to any employee who is injured or even killed while working. The ramifications of employers' liability are complex but because it is a legal requirement, insurance companies have complete packages for every type of firm. Most individuals are aware of

the need for insurance against damage by fire, theft, or flood and through home insurance.
The problem, according to John
Sinking, is that many small
employers do not know the

The broker has to emphasise that balance sheet figures are the entrepreneur starts to no good in assessing sums insured. The employer has to

nesses are generally not aware of the need for business interruption insurance. If the employer is hit by flood or fire or theft, it takes some time to return to normal and profits are

cut or may even disappear during the period of disruption. This insurance covers these profit losses and is just as important as insurance material damage if employer wishes to stay

Guidance

Many businesses, particularly "start ups", are not fully aware of what profits will be st in the event of a disaster. Professional guidance is essen-

A point to remember con-cerns shared premises. This applies particularly to new ventures. They need to check out what insurance is provided by the landlord concerning the buildings. If the premises are old and somewhat dilapidated. then obtaining cover might be

The majority of employers accept that insurance is needed and forms part of their overheads. That does not stop them trying to cut corners.

ing to help small businesses by designing packages to meet all their insurance needs.

INA—the UK subsidiary of the giant U.S. insurance group insurance of North America— has launched a scheme for new ventures that knocks 40 per cent of the premium in the first year, the reduction being progressively lowered over five years.

This is an attempt to help ompanies start and looking for a return in later years when the company has grown and become established.

John Sinkins, who lectures for the British Insurance Brokers Association on the insurance needs of small busine be approached on a normal basis, placing each insurance contract with the best insurer

He does not accept the packbusinesses cash flow is under pressure and will ensure that costs are kept down in covering the essentials.

CASE HISTORY

How WordNet became a high flyer

SHARP observers of the City scene should recognise the name WordNet. For in a deal which attracted a flurry of publicity last month Yelverton Investments — where the financier Mr John Bentley sits on the board — paid £4m for a 25 per cent stake in this rapidly growing electronics company.

Far fewer people, however, will be aware that WordNet started life last year with the help of a £75,000 loan under the Loan Guarantee Scheme from Bank Leumi (UK), UK subsidiary of Israel's biggest commercial bank.

Bank Leumi was the quickest to respond to a number of institutions (including two clearers)
approached by WordNet's
founder Richard Crown when
he returned to the UK from Sweden last year. Without the Loan Guarantee Scheme, Crown believes he could to this day be trudging the street looking for support rather than heading a com-pany of 17 staff which has all pany of 17 staff which has all the appearance of a high flying technology business. Certainly it has much to live up to—no less than 16 venture capital outfits were queueing up for a share of the action until he signed the agreement with Yelverton.

The object of all the excitement is a device invented by Crown which links electronic typewriters with word proors and means that up to eight typewriters, even up to a mile apart, can be connected into the same work processor. WordNet is hoping for profits

of £1m this year.
"Like a lot of people with
a good idea I didn't have much capital when I got back from Sweden last year. I didn't know much about where to go for money in this country but my accountant suggested Bank Leumi, They didn't know me there from Adam but they realised that the product had potential and in spite of not having the collateral were able to advance £75,000 because of

"I could have got outside capital at the start, I suppose, but I think the company would have lost more of its identity in this way. Thanks to the Loan Guarantee Scheme I have been able to get a track record which made it much easier to look made it much easier to look for the latest injection of finance."

Alternative

The major clearing banks in the UK obviously have an unrivalled range of services but Bank Leumi is one of a number of smaller banks (many of them among the Loan Guarantee Scheme parti-cipants) which offer an altercipants) which offer an alternative based on personal service and greater flexibility.

"We find a lot of dissatisfaction with the less sophisticated branches of the big High Street banks," says Mr Menachem Paran, the bank's City office manager.

They obviously have some "They obviously have some highly qualified and highly mighly qualified and highly competent people but they are thinly spread." Founded in 1902 in London, Bank Leumi's UK operation consists of six offices in London and one in Leeds. The bank, which is proud of its strong retail base, has been expanding in the UK in the past few years, concentrating on com-

Discussing the Loan Guar-antee Scheme, Chris Oxley of the Bank's West End head office says he is enthusiastic. Some 32 guarantees have been agreed—about half to people without a track record and half to applicants without adequate security - and most seem to be doing well. Two have so far failed.
Comments Oxley, "I do Comments Oxley, "I do think it would be helpful, if

borrowers had to put up some

munities with a high Jewish

population.

was only say 20-25 per cent of the total loan. It is too easy for people to walk away at the moment. One of our customers whose business failed just seemed to fritter

the movey away even though

Government is doing itself a disservice not giving itself a disservice not giving chance to recover more of its money and it would encourage more sensibly."

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The company network

Aid takes many forms

apart from having broader jobs in 290 firms.

CoSIRA deals with firms neatly into the rural scene, the hich on average employ seven village is enjoying a renaiseople but the upper limit is sance."

responsibilities, the agency also

CoSIRA deals with firms which on average employ seven people but the upper limit is usually 20 skilled employees with no limit on unskilled ones. It is restricted to the English rural areas—fowns and villages with fewer than 10,000 people. The first contact should be through a local organiser, located in every English county, who is backed up by a locally recruited voluntary County Committee.

Committee.
CoSIRA also has its own loan

COSIRA also has its own loan fund for small industries and small tourist projects. It will lend up to £75,000 on its own account but has forged links with banks which will top up this maximum to provide larger

merging them.

pursues a more active role in

SMALL COMPANIES need help for the simple reason that they are often ill-equipped to meet the varying demands of ruming a business. Major enterprises can afford to hire professional managers but their smaller counterparts — usually without knowing it—have a Without knowing it—have a weakness in at least one area. More likely than not it is finance or marketing.

A major plank of current government policy towards small firms is its range of small firms is its range or information and advisory services. Ignorance of these and of the myriad of government tax and grant schemes is at the heart of the present £2.5m TV and Press publicity campaign. The scale of this exercise has raised more than a few eyebrows but notwithstanding its timing with a General Elec-tion in the offing it undoubtedly reflects the importance which Ministers genuinely attach to

Being independent and often suspicious of government there is no doubt that many small frms remain oblivious of the free or subsidised assistance available in the public sector (or at least of its merits). As with all professional advisers the quality of many of the services is bound to be patchy but there are also plenty of satisfied enstoners

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The Department of Industry Small Firms Service operates through 8 regions in England and through the Scottish and Welsh Development Agencies in those countries. It is best seen in its two parts — as a source of straightforward in-formation on espects of running a business and secondly as a source of free, impartial and confidential business counsel-

ource of incomplete confidential business an idea of the type of enquiry dealt with by the Service in England in September and December last year. The management advisory service—contrary to popular opinion—is carried out by a team of itred businessmen, not civil it is free initially but harged for a similar role to the Council for Small Industries in Rural Areas (CoSIRA), the main agency of the Development Commission.

CoSIRA is responsible for new jobs in the helping ne

Much of the work of the Small Firms Service has been directed at "start ups." Increasingly, however, the

WHAT QUESTIONS WERE ASKED rooting our companies a need interest rates are available in of support in contrast to the certain areas if a sufficient more passive approach of the number of jobs is to be created. Small Firms Service more passive approach Small Firms Service. For this reason—although the two do overlap in certain areas—the Government, follow-ing an experiment in certain areas, has decided against Start-up Finance Publications Employment

take advantage of its advice.

While marketing is among the topics. Small Firms Service counsellors are generally qualified to discuss, the Department of Industry is about to launch the service Marketing Advices. the separate Marketing Advisory Service. A separate Small Firms Technical Enquiry Service has been available since last year helping small manufacturers with up to 200 employees solve minor problems.

Expansion

Legal Source of supply ...

lems related to manufactur-ing techniques and organisation. The Service will give information over the telephone or provide consultancy for up to five man-days—at no cost to the company.

Businesses employing more than 60 people should use the Manufacturing Advisory Service (MAS). In addition to answering the technical inquiries 15 free man-days of technical or production planning consultancy is available, which can be followed by 15 further mandays at half cost.

The Department of Industry

The Department of Industry runs a number of grant-sided programmes to help introduce companies to new technologies.

CosirA is responsible for creating new jobs in the countryside by helping new and existing small firms with Government is trying to alter advice, technical and manage-this image and has been stress-ment consultancy, specialised ing that existing firms sliculd training, and loan support. But

Widening choice of enterprise agencies

THE EXPLOSION of interest in small firms and local employment initiatives among large companies and other private sector interests has now become so large and diffuse that the problem is to provide a readable read-man.

problem is to provide a readable road-map.

In the past four years over 100 enterprise agencies, normally spearheaded by large employers, have been created and are providing a wide range of services to small businessmen who know where to ask for help.

The national link organisation for the agencies, which would be able to tell you whether or not one exists or is planned in your own area, is Business in the Community (addresses and contact numbers listed).

At the same time, however.

contact numbers listed).

At the same time, however, some towns and cities have found themselves wooed by the CBI Special Programmes Unit; a body designed primarily to help the Government find places for its youth training schemes, to set up community action programmes, which are not unkneenterprise agencies in structure, although their goals are broader

enterprise agencies in structure, although their goals are broader and only marginally relevant to small business.

In addition to this several large companies have established their own enterprise programmes, normally to help compensate for redundancies in their own poerations.

their own operations.
Other initiatives have come through the Action Resource Centre, whose main role is to find secondees from big business for socially valuable projects, such as employment regenera-tion, but which has also helped with some pioneering work in the small business advice world,

the small business advice world, through its Islington centre.

Outside the strictly defined private sector, some local authorities have set up employment or '# ustry committees which cooperate on a broad basis with local companies.

Likewise, there has been a small tide of activity flowing from the work of the Financial Institutions Group (Fig), which Mr Michael Heseltine set up in 1981 to examine ways of funnelling institutional money to depressed urban areas.

ed urban areas. pressed urban areas.

Mr Christopher Lewin, a executive in order to create continuity amid its otherwise involved in the employment side of Fig's work, has compiled a very useful check-list of possible action and access points for small business, which includes a number of interesting ideas on help with exports, ing ideas on help with exports, marketing, technology and infor-

Several universities and col-leges now run courses aimed at the small businessman, but

Contacts: Business in the Community, 91 Waterloo Road, London SEI SEP. Chief execu-tive: Stephen O'Brien, Tel 01-

CBI Special Program Unit, Metro House, 58 St James's Street, London SWIA 1LD. Tel 01-493 9677. Chief executive: James Cooke. Action Resource Centre, Henrietta House, 9 Henrietta Place, London WIM SAG. Tel 01-629 3826, Chief executive: Cecsa Allen.

Fig checklist: available from Mr C. G. Lewin, British Rail, 222 Marylebone Road, London NW1 6JJ. Tel 01-263 3232, ext

perhaps more useful are the more adventurous, if experi-mental, programmes in supply-ing expert help with tech-nological problems, market research and planning.

Chambers of commerce, the traditional point of contact in most communities, are also worth checking, but their quality is patchy.

What all this adds up to is that in some parts of the country, a small firm can, if it knows the ropes or, perhaps more accurately, if it can find them, increasingly tap the resources of the private sector, whether it be for a secondment, help with computing, export piggy-back services to try to move into foreign markets or indeed almost any other aspect of business you can think of.

It is, however, obviously true that these support networks are new, of highly variable quality and sometimes maddeningly overlapping.
The challenge of the next year will be, from the helpers' point of view, to try to erect more signposts in the maze and, where it will not reduce the quantity of energy and commitment avail able, to simplify the maze itself. The fact that Business in the Community now seems to have sorted out its objectives and appointed a full-time chief

ments and agencies involved can start to clarify their own areas of responsibility, that will cer-tainly help at the national level and should also have a positive influence at the local level. Ian Hargreaves

At present £18.7m is on loan

the traditional rural occupations and the introduction of newer

businesses which not only pro-vide employment but also fit

Dol Small Firms Service. Phone operator and ask for

Marketing Advisory Service.

Technical Enquiry Service. Ring the Production Engineer-

Manufacturing Advisory Service Contact PERA (as

above). New Technology schemes: Department of Industry Offices,

Where to go for advice:

Freefone 2444.

to businesses. Cond

CASH FLOW STRAINS come to big and small companies alike and not just at times of difficult trading. Small companies which are expanding rapidly can find more and more of their work-ing capital tied up in trade debts, especially if they are exporting. Inevitably, manage-ment time gets wasted trying to chase after debtors instead of setting on with the job of of getting on with the job of generating new business,

John Ockenden, CoSIRA's chief information officer says: "With the current revival of Although taken as a total package, factoring offers the client three distinct services: sales accounting and collection, finance against invoices and (although not always) bad debt protection.

Factors assume total respon-sibility for the sales ledger activities. The factor will assess activities. The factor will assess the credit worthiness of the client's customers and set certain limits. More than once the wider experience and better facilities of a factor has saved a client from getting involved with a financially unstable miswith a financially unstable cus-tomer. All the client does is ship the gords and tell the factor who and how much he should be billing. The factor sends off the invoice, maintains ing Research Association (PERA) on Melton Mowbray (0644) 64133. Ext. 444.

Manufacturing Advisory the sales ledger, makes sure reminders are sent out and is responsible for collecting the money. At the bottom line the Scottish Office, Welsh Office or Northern Ireland Office.

Connell for Small Industries in Rural Areas (Cosira). Local the factor of the sale he re-In the financial year 1981/82

CostRA approved 24.3m loans in Rural Areas (CostRA). Local to finance projects costing £13m offices are in phone book or and claims to have created 1,155 phone Salisbury (0722) 8255.

Financing methods: Terry Garrett looks

at the uses of factoring How to ease cash

flow problems Pactoring can alleviate the of the invoice. The amount a bad debt situation. We go back each flow problem, by raising factor will advance varies, but to the client and ask whether the client normally has the they want us to pursue it. It's facility to draw up to 80 per not our responsibility."

a cost.

A factoring can alleviate the of the invoice. The amount a bad debt situation. We go back the client and ask whether the client normally has the they want us to pursue it. It's facility to draw up to 80 per not our responsibility."

Certainly, it seems to be a balance is either sent on as soon as the factor gets the money from the customer or the balance may be paid at an agreed interval, for example, sixty days, whether the factor has been paid or not.

Protection

Finally, the client is usually offered bad debt protection. This service is known as "non-recourse" factoring. If a customer fails to pay it is the factoring company that stands to lose and not the client. Recourse factoring, where the client picks up the bill for any bad debts, is less common in the UK, although there is one large company undertaking undertaking recourse factoring exclusively-

The Lawrie men describe their service thus: "We buy the debts but we have an option to sell them back if there is a dispute. That need not be a

service that appeals to smaller of electric products, had, 1987 companies. As a member of example, been using the sertine Association of British Factors, which probably accounts for up to 90 per cent of UK factoring. Lawrie publishes yearly figures. While the company is number three in the factoring league table in terms of volume of business it had more clients than the top two companies—Credit Factoring when it was starved of cash companies—Credit Factoring to John Crates, joint managing director.

The first is an easily definable cost of money advanced. This should be broadly similar to the cost of bank overdraft money. The second element is a per-Alex Lawrie.

According to Alex Lawrie its services are likely to come cheaper than those companies offering bad debt protection.

The Lawrie men describe their lawrie lawrie lawrie lawrie lawrie lawrie lawrie lawrie lawrie contains a percentage charge of turnover general to lawrie lawr

What are the drawbacks of a reput factoring? First, many people you w still regard the company who final ouses a factor as well on the way letters.

to Carey Street. This is unfair for the factor is unlikely to take on a client which is not financially sound.

Certainly factoring gained a more respectable image as the banks moved in. So news last February that Barelays was pulling out of factoring must be something of a setback to the industrial the industry.

Of course there comes a point hen companies no longer need factoring services and a client must be prepared to review the net want us to pursue it. It's agreement periodically. Crystal-agreement periodically. Crystal

factoring league table in terms of volume of business it had more clients than the top two companies—Credit Factoring International and Griffin Factoring The charges for factoring when it was starved of cash flow, "Certainly it proved cost-effective. There were times when the rate for factoring was more advantageous than vary but are basically broken overdraft rates, in sheer economic to John Credits, joint managing director, it was starved of cash flow, "Certainly it proved cost-effective. There were times when the rate for factoring to John Credits, joint managing director, it was starved of cash flow, "Certainly it proved cost-effective. There were times when the rate for factoring to John Credits, joint managing director, it was starved of cash flow, "Certainly it proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times when the rate for factoring the proved cost-effective. There were times when the rate for factoring to the proved cost-effective. There were times to the proved cost-effective. There were times to the proved cost-effective times the proved cost-effective. There were times to the proved cost-effective. There were times to the proved cost-effective times the proved cost-effective times the proved cost-effective.

Factoring has an important role to play but potential clients should shop around—contact the Association of British work and risk involved for the factor. This varies and can be Factors or the smaller Association of Invoice Factors for a reputable firm which informs you when it is sending out final demands or solicitors'

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SMALL BUSINESSES X

A wide variety of courses is now on offer for aspiring entrepreneurs. Rhys David looks at one of them,

the Wales International Management Centre, and at the experiences of some of the participants.

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Oxon. OX16 9AE Telephone (0295) 65881 "YOU CANNOT advertise for an entrepreneur to run a business, nor is it simply a question of having a product or service and the right amount of cash," says Alan Rosser. In his experience, through his Wales International Management Centre, the small businessman is partly born and partly trained. Prevaisites for the man or woman who is going to succeed—apart from the right idea at the right time—are tenacity, a willingness to work very hard, and the readiness to work very hard, and the readiness to work very about the business and its customers.

organisation—which he himself set up in true embrepreneurial fashion in the early 1970s after feaving a big U.S. firm of nynagement consultants — has developed a range of management consultants —

pusiness and its customers. At the same time, there are certain skills which need to be developed as well, and Mr Rosser has made it his speciality trying to inculcate these into spiring entrepreneurs.
From a base in Cardiff, his

executives have been on Man-power Services Commission-sponsored courses organised by the Wales centre in a variety of UK cities. The MSC has also provided funding for a series of small business planning pro-grammes run by Rosser's organ-

Each course has consisted of made for improvements and about 12 participants selected modifications. "The aim is to by Wales International from a short list drawn up by the sponsoring organisation, and is tunored by three consultants. "The says. objective is to get the various entrepreneurs ideas into a near start-up situation at the end of seven weeks," Rosser claims with each of the participants able to go away with a business

plan capable of showing how the venture should develop

over the first few years, and professional enough to convince the often sceptical sources of finance and other help. During the seven weeks, the various products and services are evaluated by the group as a whole, with the consultants,

isation in mid-Wales and on the strengths and weaknesses Merseyside.

An adviser

Once the credentials of the product have been established in this way, participants flesh out financial forecasts, producing in the process a business plan which will give profit and loss, and cash flow forecasts, prouth by month for the first month by month for the first year, together with projections for the two years after that. According to Mr Rosser—who is in competition as an adviser to small businesses with other

in finding a property. The DBRW initially declined to lease premises because Mr Jones' projected employment

level after three years was only seven rather than the

required minimum of nine. Instead, the company moved

into a building vacated by the

local authority, and now plans to build its own premises.

The banks, too, were little

The banks, too, were little help and, according to Mr Jones, gave his plans little real consideration because of the limited security he could ofter and because of their suspicious of any project in the bankruptcy-prone building industry. In the end he obtained a private loan from an investor who felt he had a good idea.

consultants, with various government-backed bodies and with a variety of educational establishments — too much establishments — too much importance is often placed on teaching the small businessmen technical, but nevertheless rather superficial, details, such as how to set up a company or handle VAT.

"We believe people should be helped in financial planning, not in bookkeeping. If you do not want to write the books, you hive an accountant."

you hise an accountant."

Equally, in his view, the entrepreneur who is perhaps about to risk his all to start up in business should be taught to think out the long term future of his business—how to make it grow, so as to give stability and security both for his perials and for the reals who

work in it.

"Many people want to stay
small but there are dangers in
that Small can be ugly as well as beautiful if you do not generate enough profits to make the ate enough proms to make the business grow and to employ people. You need to grow to a size where the structure is no longer dependent on the owner. If you do not, you will be work-ing night and day all the time." HO

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Carmichael in Social was a series and the series are series are series and the series are series and the series are series are series are se

Wales International has itself grown from its own small begin-nings to employ more than 20 consultants and to reach a turn-over of more than film.

By the end of 1984 the centre believes it will have helped to create 300 new businesses employing more than 1,000 people with a combined annual turn-

Hurdles new businesses had to surmount

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Quote

Quote

COURSES AS a way of equipping the potential entre-preneur with the skills needed to set up successfully in business can be useful but there are plenty of problems, once operations have started, for which the only training will be hard experience.

Thus, the various sources of finance are frequently found to be by no means as flexible as is claimed, and can still be decidedly particular as to the types of business they will symmet.

they will support.
Secondly, obtaining basic services from the public utilities can take longer than expected. Again property, though advertised in abundance, is by no means always available, even in areas vigorously promoting them-selves to small businesses, of the type and size required by the entrepreneur, or on conditions of lease which he is likely to find acceptable.
Finally, even the best researched plans sometimes have to be changed in the light of experiences. New businesses often find them. selves setting out to provide one product or service and having to switch into another.

Eurohealth

Started by a participant on one of Wales International's first Merseyside courses, the business offers a health and beauty service in a suburb of

a notable lack of bureaucracy. 77

Early problems— which the course could hardly have anti-pated—were experienced in obtaining services. There was a lot of hassle getting telephones and considerable delay in obtaining from the elec-tricity board the three phase meter required for commer-cial use.

The business has also been saddled with a beavy interest burden on the form it took out, as a result of what is now considered to have been wrong advice from the banks. As a result of this, cheaper sources of finance, offering delayed repayments, for which the business coold have qualified, were missed.

The various rules surrounding the employment of young people from government training schemes were training schemes were another cause of frustration according to the owner Mrs

Barbara Cain, The business has, nevertheless, prospered, and a histro has been added, generating extra revenue in quieter periods of the year when the health side is less active. The financial targets set for the business as a whole have been

AC Trusses

TDC recognised the Wolfson Institute of Bio-

technology of Sheffield University as a centre of excel-

lence in plant cell culture. Plant Science Ltd., was set up as a joint venture with Sheffield University in 1982

with equity capital provided by TDC. TDC's involve-

ment was highly professional and all their negotiations

were conducted in a friendly and helpful manner with

When Imperial Biotechnology was set up it broke

new ground in co-operation between universities, financial institutions and industrial enterprise. TDC

initiated this as a joint venture with Imperial College,

provided the initial investment of £400,000 and helped

DR. TREVOR LANGLEY, MANAGING DIRECTOR, IMPERIAL BIOTECHNOLOGY LTD.

from TDC. They not only understood our technology

but they also saw its commercial potential. They quickly became actively involved in the business and played a key role in introducing us to potential business partners in the U.S.A. TDC's financial and commercial know-how and real understanding of what makes high

PROFESSOR STUART RAWSDEN, CHAIRMAN, LASER APPLICATIONS LTD.

TDC's capital investment and active participation

added a new dimension to the way the company could

be managed. They brought to the table a wide range of contacts, an understanding of the need to react quickly

to business opportunities and most importantly the

ability to complement the skills required to move high

technology into very competitive markets as has been

achieved with robot sales into North America and

Following the first two years of successful and profitable operation largely in exportsales—TDC played a key role in arranging for a public offering of 10% of the company's shares through the New York "over the counter" market which raised an additional \$8.8m for expansion. 79

DR LEN BROWNLOW, MANAGING DIRECTOR, RODDLELTD.

DR. BERNARD CAPALDI, DIRECTOR, PENDAR ROBOTICS LTD

technology business really tick is invaluable. 77

44 We had an immediate rapport with the people

to identify the founder management team. 77

DR. TONY JUBB, MANAGING DIRECTOR, PLANT SCIENCE LTD.

Set up by a local builder who had been sponsored on one of the Wales Centre's courses by the Development Board for Rural Wales, the

company supplies roof trusses to housebuilders from the small border town of Welsh-

Mr Charles Jones had seen that the supply of land was drying up locally suggesting business could be squeezed. He had also noticed, however, that there were very long waiting lists for the new type of roof trusses now widely used in UK housebuilding. "I decided someone had an over-flowing order book," he

lished itself, with the course contributing to his knowledge of how to research a new mar-ket and extending his finan-

cial expertise. Sales have exceeded the initial target, compensating in part for lower than expected profit margins. Business has been obtained for the product —licensed from a design com-pany—from as far afield as the Wirral and Wiltshire, well outside the original 60 mile radius Mr Jones set himself. A problem was unexpec-tedly encountered, however,

manager — formerly with Rolls-Royce, and the Swedish steel group Sandvik — who wanted to run his own business, the company provides computer services in mid-

Founded by an industry

Aberdata

Robin Reeves examines the role of the Welsh Development Agency

Wales provides strong support

AT ITS foundation more than seven years ago the Welsh Development Agency (WDA) recognised from the outset that it had a special role to play in encouraging small businesses in Wales. The result was the setting up of a Small Business Unit (SBU), staffed by a team of specialists, to act as a focal point for small companies scale. noint for small companies seeking expert advice on the managenent of their businesses.

Companies using the SBU can

receive help on how to research markets, examine marketing finance and budgetary control and learn about the techniques and tearn about the techniques of distribution, exporting, advertising and promotion. The unit is also able to put small companies in touch with larger businesses looking for new products and services.

The SBU's initial survey of a small company's requirements is free but if specialist advisers are employed to sort out one or more aspects of the company's business, a fee of between £25 and £45 a day is charged, the amount depending on the size of

The WDA is also empowered to invest funds either in the form of equity or loans in com-panies, large or small, which it decides will help strengthen the Welsh economy. It is also a local agent for the European Coal and Steel Community loan schemes, which offer financial aid to small businesses on exceptionally attractive terms.

Last year the agency also launched a film venture capital subsidiary. Hafren Investment Finance, to provide investment capital for higher risk projects than is allowed under its normal investment guidelines.

Advantages The Hafren subsidiary is par-

ticularly aimed at new tech-nology projects and young companies with high growth poten-tial. One of its advantages, says the agency, is that it is willing to invest as little as £10,000 in promising ventures, whereas most venture capital houses are only interested in larger projects.

Investment terms vary but can include preference shares with low gross coupons, redeemmarket value up to a maximum holding of 30 per cent of the equity, or unsecured loans over is Swansea, which runs its own five years with a two-year capital moratorium at clearing bank interest rates plus 2 per cent. Useful schemes for helping Hafren has already attracted a local small companies to great deal of interest and funds

totalling more than \$500 have so far been committed to 15 high venture projects.

In mid-Wales help for small businesses similar to that of the WDA is provided by the Newtown-based Development Board for Rural Wales. It is Board for Rural Wales. It is highly valued by local companies. Recently Mid-Wales Development—its name for marketing purposes—launched what it describes as an "after care" service. Its centrepiece will be arrangements for local companies to participate in a total or 35 trade exhibitions under the Mid-Wales Development umbrelia over the next 12 months.

Grants awarded

Last year Mid-Wales Development also secured the power to award grants to small and medium-sized companies—in menum-sized comparates—in compensation for the area's loss of regional development grant status. In the first allocation grants ranging from £1,500 to £39,000 were awarded to 16 small companies to help them develop their businesses.

However, support for small businesses in Wales is not con-fined to the two statutory bodies—far from it. BSC (Inbodies—far from it. BSC (Industry) has done a great deal of pioneering work in Welsh steel closure areas through the provision of workshop start-up premises and small grants towards the cost of launching new small businesses.

In North Wales its role was recently taken over by the Dee.

recently taken over by the Deeside Enterprise Trust and in the Cardiff area by Cardiff and Vale Enterprise. Both aim to offer "one stop shopping" for budding entrepreneurs and expanding small businesses in need of advice and expertise. Overall, up to a dozen enter-prise agencies are in the pro-cess of being established in different parts of Wales. Most Welsh local authorities

have also been doing what they can within limited powers to encourage small businesses and in a number of instances are able to offer small amounts of financial help. In certain cases they offer an EEC-backed temporary wages subsidy scheme for small companies; in others, able on an agreed multiple of small grants for buying second-earnings or an asset value basis; hand machinery (most official ordinary shares at current grants are for new machinery and equipment).
Particularly forward looking

Two thirds of business comes from small firms, with a third of turnever, but a semewhat bigger proportion of volume sales, coming from home computer users.

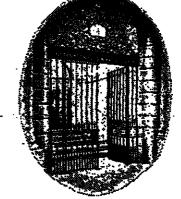
The company, according to its founder Mr Michael Mackian, has, like other suppliers, had the problem of obtaining equipment from manufacturers.

Another problem has been in finding premises in Aberystwyth, the biggest town in the area, with the relatively ligh cost of a lease—for a new business at any rate—an obstacle. The business now operates from a store within a store at a bookshop, making it possible to link sales of it possible to link sales of computer books with sales of

Margins, too, have had to be lower than they were led to believe by suppliers, because of competition, but costs have been kept down to compensate. There are at a procedure of the business of the state of the suppliers of the business of the suppliers people employed in the business with a target of 19 by the end of the third year.

The experiences of these aspiring entrepreneurs are almost certainly shared by nany others setting up in The lesson clearly

that setting up a small busi-ness, while undeniably re-warding and fulfilling in many cases, is nevertheless far from easy. As Alan Rosser says, you need tenacity, a willingness to work hard and you have to be a werrier.



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How to choose the right premises

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Company transfer

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Bank PLC

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CROICE OF premises is probably the single most important decision for a small business in no longer treated like a decision for a small business in the large beauties and the property and growth. The wrong price can be disastrous.

Most small businessmen have as little knowledge of the sort of buildings they need as the average car buyer. They are of the property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for the misled state of property and can be misled for property and can be mis

priorities

or suitable labour.

Priorities

or suitable labour.

Private landlords also offer expensive new buildings, howers, a few months.

So the problem has changed from one of finding any premises to choosing the right for several reasons. Firstly, there is a massive surplus of 175m sq ft of empty-factories and warehouses across the country and the landlords are of the provided before taking the surplus for warehouses across the country and the landlords are of surplus space. But much rents will be in six or 12 much rents will be for many years we may find totally unsuitable after a few months.

The picture has now changed for several reasons. Firstly, there is a massive surplus of 175m sq ft of empty factories and warehouses across the country and the landlords are much more flexible on lease terms.

It pays early dividends over.

Lease terms are often left to gently for instance, he is terms.

Lease terms are often left to gently for instance, he is the flexible on lease terms.

Mike Treays, an experienced chartered surveyor with company the formal leases and repairs.

Mike Government is have drawn to realise responsible for all insurance and repairs.

Mike Treays, an experienced chartered surveyor with company the formal leases. The other sort of small businesses climate how the widest possible range how the widest possible range how the widest possible range is needed at the bottom rung. In the inner city, for instance, he is captured the tenant to realise responsible for all insurance and repairs.

A good agent is worth his derivative to consider future than take formal leases. The other sort of small businesses climate how the widest possible range how the widest possible range is needed at the bottom rung. In the inner city, for instance, he is neared a farm and the tenant to realise responsible for all insurance and repairs.

A good agent is worth his everylet with company weekly rents and repairs.

The other sort of small businesses climate how the widest possible range is needed at the bottom rung. In the inner city, for instance, he is neared at the bottom rung.

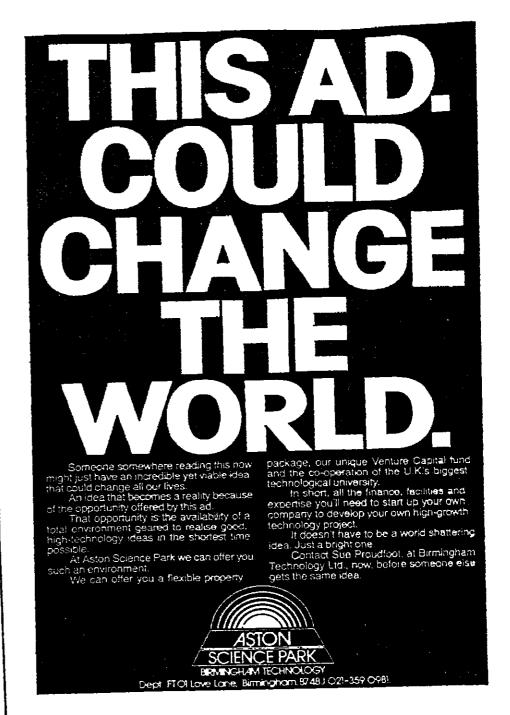
A good agent is worth his everylet where, for instance, he is responsible for all insurance and repairs.

The other sort of small businesses climate with the widest possible range is needed at the bottom rung.

A good agent is worth his everylet with the contraction of the tenant to realise responsible for all insurance and repairs.

The other strong the widest possible range is needed at the bottom rung.

A good agent is worth his experienced than the rents will be



much more flexible on lease terms. Secondly, the Government is desperately trying to emcourage development of small factories through tax incentives, so the choice of new premises is much wider. Plenty of help for the plant of help for help for the plant of help for help for the plant of help for he entrepreneurial Scots

The agency offers a range of advisory services backed by a commercially orientated approach to loans and equity. "Advice when you want it, help when you need it." is the department's slogan.

The agency offers a range of advisory section has also seen a huge increase in inquiries. It administers starting schemes and workshop and equipment grants.

Onality control

partment's slogan.
The real breakthrough for small business appears to be the ability of the department to get through to the small businessman. While it offers free or inexpensive official encouragement. It infraes to couragement, it infuses in clients a need to face up to com-

For the second year running, the SDA has doubled or nearly doubled the amount of money offered to companies. In the financial year just ended the small business division will have offered some £6m compared

THE SMALL business division of the Scottish Development Agency appears to be bringing out the entrepreneural skills of the Scot.

A few years ago the common complaint in the agency was that although there was lots of money about in terms of loans and government assistance for new industry, the queue of people coming forward with ideas for business start-ups was woefully short.

Today the agency's small business division is close to being overloaded with work which involves making a warr and dayslam worner salling for the loans are in the part of the section and people companies division is close to being overloaded with work which involves making a warr and dayslam worner salling for the section of the Agency in providing the right package of advisory services has to a great extent given private sector finance greater confidence in coming up with cash loans or overdrafts.

For every pound of SDA money invested there is about \$1.50 private sector money. The Agency makes both loans and work in this area has increased by one fifth in the past year. A marketing service helps company would find its debt servicing burden excessively high through further loans.

The success of the Agency in providing the right package of advisory services has to a great extent given private sector finance greater confidence in coming up with cash loans or overdrafts.

For every pound of SDA money invested there is about \$1.50 private sector money. The Agency makes both loans and work in this area has increased by one fifth in the past year. A marketing service helps company would find its debt servicing burden excessively high through further loans.

The bulk of loans are in the \$7.000 to £8.000 level. The small

Quality control

The small section helping high technology companies bring in quality control is also nearly overloaded with work. Most of the advisory system for small businesses is free mercial realities. though various services such as market research is carried out The division's head is Peter market research is carried out for a fee. The agency's director of Hewlett Packard in Scotland, who has kept on his interest in promoting electronics within the Scottish Development Agency along with his small business responsibilities. The agency is for a fee. The a

which involves making about panies draw up a marketing 57,000 to £8,000 level. The small 55,000 business contacts a year. plan and develop proper selling 57,000 to £8,000 level. The small specified the small specified by the smal business division has established links with the various self-help movements in Scotland where local business and local government have got together to offer assistance to new start-ups.

In effect by pooling resources with local self-help schemes, Peter Carmichael has been able to prevent too much bureaucracy and discouraging delays creep and discouraging activities and instruction of his division. The Agency has long since done away with committee meetings to discuss loans and assistance giving regional managers responsibili-ties to handle assistance worth

up to £10,000. With the thrust of the small business division of the Agency at companies with under 100 employees the emphasis is not on job creation.

"I don't feel I'm under pressure to create jobs but to create wealth—the jobs will fol-low that," says Mr Carmichael.

Mark Meredith

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to businesses and their problems - a special relationship that stems primarily from our managers' unique understanding of the many diverse financial situations that can occur in the running of a modern manufacturing or service enterprise; an understanding they've learned and earned by going out and acquiring direct, firsthand knowledge and experience.

It could be just the special relationship

your business is looking for." If you run your own business you'll find this

booklet interesting. It's called A Topical Look at Small Businesses and it's produced by our Business Information Service. It's designed to provide small business until ideas on how to become more efficient, maximise proprietors with ideas on how to become more efficient, maximise profits and reduce tax liabilities, and includes useful information about Government schemes, enterprise zones, counselling organizations and special bank facilities, together with general advice on the day-today running of a business.

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Raymond Snoddy on the British Technology Group Support likely to increase

Companies that he decided to stay and run the BTG division.

and be an important part of the BTG's future role.

Format applications for loans under the various BTG schemes accompanied by business plans are now running at 10 a week and a total of \$53 were received in the year to March 1983. In the year, 43 investments were approved involving £1.75m and three companies failed costing BTG £125,000. The total BTG investment in small companies in has been £3.5m in 64 companies.

has been £3.5m in 64 companies. We have never had to turn away an investment we wanted to make because we didn't have the funds to do it," Mr James

The BTG bring together darked for new package, called official opening of BTG under one roof in its new head-quarters two main schemes— Acorn, has been launched as a headquarters last month.

MR DAVID JAMES, a chartered accountant on the corporate advice staff of Barclays Merchant Bank, was only seconded to the small companies division of the British Technology Group for two years.

But after years spent dealing with the often intractable problems of andustries he enjoyed the experience of helping small innovative companies in modern industries so much that he decided to stay and run the BTG division.

Although the Government has been re-examining the activities of the BTG, Mr James believes the group's support for small companies is likely to expand and be an important part of the BTG with a greement also gives

MR DAVID JAMES, a chartered was a subsidiary of the Rarclays Merchant Barclays Merchant Barclays Merchant Barclays Merchant Barclays Merchant Bank, was only seconded to the Small companies division In March 1981, and the Small Companies with a fourth research Corporation in September 1980.

Oakwood Loan Finance, which was subsidiary of the National Enterprise Board in March 1981, and the Small Companies of the National Enterprise Board if it is a success it will be expanded into a national scheme.

A further scheme trade into a national scheme.

A further scheme into a national scheme.

A further scheme was set up as a subsidiary of the National Enterprise Board if it is a success it will be expanded into a national scheme.

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A further scheme expanded into a national scheme.

A further scheme into a national scheme.

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But the agreement also gives owners the right to buy out the option. The Small Company the option. The Small Company
Innovation Fund provides
finance for innovative companies throughout the UK up
to a maximum of £60,000. In
contrast to the standardised
Oakwood approach SCIF
designs packages which might
involve more than one type of
finance. Most packages will involve BTG taking an equity
stake.

Floranova, which specialists in
plant biotechnology, Plasma
plant biotechnology,

Last month the BTG got together with English Industrial Estates to offer a joint package

of finance and factory accommodation for the first time.

The customers of BTG's small companies division range from Floranova, which specialists in plant biotechnology, Plasma Technology, which produces

included loans for a furniture company and a producer of seaside rock.

The company, H. M. Docwra of Great Yarmouth, made special BTG lollies for the official opening of BTG's new

Rivalry for the MP's ear

and certainly the ignorance, of successive governments about small firms is in large part the fault of small businessmen themselves who, in spite of their numbers have been extremely ineffective as a pressure group."

Inevitably there has been intense been intense, if not bitter rivalry which it did more than most to which it did more than most to promote—but it was disappointed that the 75,000 limit was not raised in the last the tabulated results are sent to Westminster MPs and Euro parading their "small business" credentials.

Chambers of Commerce vary intelleget the most to which it did more than most to promote—but it was disappointed that the 75,000 limit was not raised in the last the tabulated results are sent to Westminster MPs and Euro the Executive, argues that this chief executive, argues that this chief executive, argues that this numbers have been extremely ineffective as a pressure group."
Bolton Committee Report 1971.
Anybody rewriting the Bolton

Report today would certainly have to modify this statement, if not completly refute it.

For while there are now at least 11 organisations in the UK claiming to represent small companies—a proliferation, some would argue, which from time to time hinders the presentation to government of a united front—some of them have recently developed a remarkably strong political voice.

None, to be sure, has established the sort of cosy "beer and sandwiches" relationship once enjoyed by the trade unions with the former Labour prime minister Harold Wilson. But it is not uncommon at claiming to represent small com-

But it is not uncommon at Westminster cocktail parties these days to witness Ministers listening attentively in a corner as individual small business proprietors or their represent-atives pour out their latest

Lobbying

It would probably be impos-ible—and it would certainly be invidious—to apportion credit for specific small business concessions in recent Budgets but there is no doubt that the hard persistent lobbying of representative bodies made easier it has to be said by an increasingly sympothetic Industry Department — has shaped if not inspired a number of important government measures in the last couple of

Having said this the UK small firm representative organisa-tions are a mixed bunch. Their members—as a breed perhaps not always naturally gregarious — are encouraged to group together for a variety of reasons. These include a simple desire to discuss problems with like minded souls, the need for straightforward business infor-mation, an eagerness to fight for a better economic and financial climate, and the opportunity to participate in some sort of collective insurance arrangements.

Potential recruits should therefore be clear in advance that their personal objectives match the preoccupations of the group they are proposing to join,

ship continue to buzz round one or two organisations-not surprising perhaps at a time when members are going out of busi-ness—and the presence of British Chambers of Commerce strong personalities at the helm are making greater efforts to has led recently to some choppy appeal to the small end.

come from the Union of Independent Companies (UIC), which in a recent Newsletter launched a stinging attack on the Confederation of British Industry (CBI).

Incensed that the CBI should have shot down publicly the proposal that a certain amount of public sector contracts should be reserved for smaller firms, the UIC explained its decision thus: "(The CBI) may fell obliged to take this line in deference to the nationalised industries and the big com-panies which provide the largest part of its income—it is not unusual for the pipers to call the tune. But what gall to say this when it claims to speak for small businesses."

The CBI, which strongly rejected the criticism, points out that nearly 60 per cent of its 300,000 member companies employ fewer than 200 people and that approximately one quarter have less than 50

The CBI boasts of its contacts at government level and in Europe and points out that the emphasis of its representations are towards a healthy and expanding economy in which firms, whatever their size, can

operate profitably.

One of the main objectives of the CBI's Smaller Firms Council is to ensure that problems particularly affecting small companies are taken into account.

The UIC, meanwhile is a small but dedicated outfit primarily concerned with influencing MPs. It is organised along constituency lines. Formed ironically as a break away from the CBI, it is proud of having only 200 member companies because, says its national representative Barry Baldwin, all of them are "activists."

Membership, incidentally, is restricted to manufacturing

widely depending on location but while their members include small, medium and large sized businesses many of those affili-

The Association, which has a much smaller staff than the CBI, effectively acts as a national and international "voice." Services include a wide range of day to day busi-ness information and advice, courses covering management skills, employment law etc, and help for exporters.

Chambers are involved with the operation of around 40 local enterprise agencies and innova-tion centres helping firms to start up and grow. The ABCC recently set up a Small Firms Panel so that the view of members on government policy could be passed on to the Department of Industry.

Pressure groups

Founded in 1968 the Associa-on of Independent Businesses (AIB) is one of the older pressure groups. It claims more than 30,000 members, a large proportion of which come through affiliations with trade

Membership is open to "independent" firms—broadly defined as ones owned by those who run them. Although prob-ably more "PR" conscious now than it has been in the past the AlB prides itself on what a cabinet minister described as "effective, reasoned and cour-teous representations to Govern-

Main preoccupations include the surfeit of legislation—AIB described the statute book as "a spaghetti junction of employ-ment and company law"—and consider taxation, business law. industrial relations, the national economy and the EEC.

The AIB is also keen to stress that it is non-political and achieved quite a coup in getting Lord Lever of Manchester, the independent-minded Labour peer, to become its president.

The Forum of Private Business-set up in October 1977-claims 8,000 members, most of businesses with most companies which are very small. One of employing more than 20 people. its main activities is to send The UIC is a keen supporter of members its "Referendum

Inevitably there has been the Loan Guarantee Scheme every six weeks when Parlia-ntense, if not bitter rivalry which it did more than most to ment is in session.

MPs. Mr Stan Mendham, the chief executive, argues that this makes the Forum the most democratic of the lobby groups.
The National Federation of Self Employed and Small Businesses, however, is probably the best known voice for the very small man.

It has 350 branches and 0,000 members throughout 50,000 Great Britain and Northern Ireland. The federation is highly political and is a strong champion of small business people in the face of inquiries from Customs and Excise and the Inland Revenue.

The burden of form-filling is another favourite hobby horse. As the federation observed, "the underlying theme of all our campaigning is 'Get the Govern-ment off our backs' and let us use our enterprise in a free economy to create wealth and jobs."

In 1980 the federation started a legal fees insurance scheme which provides cover against industrial tribunal compensation awards, VAT tribunals

The Alliance of Small Firms es and Self Employed People er (ASP) also represents the small re end of the spectrum. It also runs an insurance scheme, has published booklets for those starting up and offers advice to members on employment, re dundancy, dismissal procedures and other matters affected by government legislation. Its chairman is Teresa Gor man, a biologist and manufac-turer of biological teaching

Tel: 049-12-6161 The Institute of Directors represents individuals, not firms, It has 30,000 members from companies big and small but its Director General Walter Gold-smith is a small business en-thusiast and keen government

The National Chamber of Trade is the voice of more than 200,000 members who belong to its hundreds of affiliated local chambers and national trade associations as well as indivi-dual subscribers serviced direct This group is strongest among retailers. The National Associ ation of Shopkeepers speaks for the small shopkeeper and is ngest in the Midlands.

supporter.

The Small Business Bureau is pames 71 Fleet Street

Tim Dickson

First XI for the small firms

ADDRESSES The Alliance of Small Firms and Self Employed People Ltd 42 Vine Road East Molesey Surrey KTS 9LF

The Association of British Chambers of Commerce Sovereign House 212a Shaftesbury Avenue London WC2H 8EW Tel: 01-240 5831

ssociation of Independent Businesses Trowbray House 108 Weston Street London SE1 3QB Tel: 01-403 4066

Confederation British Industry Centre Point 103 New Oxford Street London WC1A 1DU Tel: 01-379 7400

The Forum of Private Ruskin Rooms Drury Lane Knutsford Cheshire WA16 0ED Tel: 0565 4468

Institute of Directors 116 Pail Mall London SW1Y 5ED Tel: 01-839 1233

The National Chamber of Trade Enterprise House Henley-on-Thames Oxon RG9 ITU

National Federation of Self Employed & Small Bus Lad 32 St Annes Road West Lytham St Annes Lancs FY8 1NY

Tel: 0253-720911 National Association of Shopkeepers Lynch House 91 Mansfield Road Nottingham NG1 3FN Tel: 0620 45046

The Small Business Bureau. 32 Smith Square London SW1P 3HH Tel: 01-222 9000

Union of Independent Com-London EC4 Tel: 01-583 9305

Aid for exporters

COMPANIES' EXPORT managers can often be heard complaining that overseas rivals enjoy greater government and banking support for breaking into new markets.

Yet it is also true that UK

companies are sometimes unaware of the range of aids they can call upon. Indeed, it might be more justly argued, not that the British Government does not do enough, but that there is a confusing proliferation of service

For example, the Bijtish Standards Institution sadly noted in its last annual report Help to Exporters service had been lower than expected at a time when industry appeared to need the service

> THE collects information about the sometimes formidarout the sometimes formid-able arsenals of technical standards and regulations that other countries deploy against imported goods.

These regulations can be among the greatest disincentives for small companies hoping to take a successful domestic product overseas, and in some cases are effectively non-tariff barriers to

The chief source of government advice and financial support is the British Over-seas Trade Board, whose new chairman is Lord Jellicoe, a former chairman of Tate and Lyle and active mental and Lyle and active member of the London Chamber of Com-

merce and Industry.

Lord Jellicoe has promised to see that information collected by the Department of Trade and by commercial attaches in Britain's embassies is better organised.

The BOTB runs an export intelligence service which notifies subscribers (at 35p per notice) of calls for tender, forthcoming projects, in-quirles for goods and services and other opportunities identified by the overseas diplomats.

Grants are available for market research overseas, including up to a third of the cost of employing profes-sional consultants and of buying already published material. Companies can also claim half the cost of travel and subsistence abroad when they conduct their own studies.

The Government, however, has recently excluded EEC countries from this and other BOTB services, a decision taken in order to trim public expenditure, and con-demned as short-sighted by many regular BOTB cus-

Similar grants are given for the costs of mounting trade missions abroad under the sponsorship of trade accorations and chambers of commerce. Missions of this kind are often the best way for a small company with limited resources to get a feel for a ospective market and make nitial sales contacts.

There are also discounts for first-time exhibitors who join other companies to take space in the numerous overseas

in the numerous overseas trade fairs.

The BOTB has eight separate branches at its London headquarters which study geographical regions; small firms may however do just as well by taking advice from one of the big regional chambers of commerce where they can be but in touch with they can be put in touch with established exporters. Another underused govern-

ment service is the market entry guarantee scheme, designed to help small and medium-sized companies, and also administered through the BOTB. This is essentially a low-cost loan, charged at 3 per cent to meet half the costs of certain overheads incurred in setting up a new venture

Levy on sales

The Department takes a levy on sales receipts to recover its costs eventually, assuming that the venture is successful. If it is not, the Department bears the loss.

Department wears the loss.

Among the costs eligible are overseas office space, salaries, training, travel, sales promotion, warehousing and commercial and legal charges. To qualify, the company must be spending at least £40,000 and up to £300,000: that is, the Department will provide a minimum of £20,000 and a maximum of £150,000

The risks of exporting can be insured through the Export Credits Guarantee Department, a government agency run on commercial lines. Its insurance policies—the bulk of them are shortterm for repetitive business ahread—cover the company not only against the buyer's own default, but also non payment due to political or financial crises in the buyer's COUNTRY.

The ECGD also gives guar-antees to banks which will enable the exporter to raise

finance at fixed interest rates. Buyer credit guarantees underwrite bank loans to overseas customers so that they can purchase the British exporter's goods. Overseas investment can also be insured against the risk of war or, for example, national-isation of assets.

Chambers of Commerce can be an invaluable guide to first-time small exporters, especially the big London Chamber and those of Birn-ingham, Liverpool and Man-chester. The London chamber has a large international department, organised by geographical regions, and a host of "country committees" composed of people with long experience

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markets.

It is also a meeting place for business contacts, visiting ministers and London ambassadors, with a large pro-gramme of missions and seminars.

Trade associations provide similar services, but many of them are insufficiently funded to fulfil the task ide-

Another private sector source of help is through export houses, who are devel-oping their own services for small businesses.

For historical reasons they are particularly strong in the Commonwealth countries and the newly independent African states. Export houses act as agents, merchants, managers and will take the financial risks, especially on

capital goods projects.

Because of debt crises and falling oil revenues in many traditional UK export markets like Nigeria and the Gulf, some are taking a closer interest in the European scene. For example, one export manager, Caffrey, Saunders, has recently intro-duced to Europe the products of a firm specialising in security alarms and of another making coated papers for facsimile transmisison.

It is also planning to preduce a catalogue of computer accessories to sell into the emerging W. European retail market for home and bu microcomputers. The British Export Houses Association in London represents 200 houses and publishes a directory for manufacturers listing their ectivities and the products they specialise in.

Christian Tyler

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